Cosa Nostra means Our Thing. If you use these words, it means: I belong to a Mafia family.

—Court testimony by Sicilian Mafia informant Tommaso Buscetta (cited in Alexander, 1988, p. 43)

“Joe, let’s stop fooling around. You know I’m here because the Attorney General wants this information. I want to talk about the organization by name, rank, and serial number. What’s the name? Is it Mafia?”

“No,” Valachi said. “It’s not Mafia. That’s the expression the outside uses.”

“We know a lot more than you think. . . . Now I’ll give you the first part. You give me the rest. It’s Cosa.”

Valachi went pale. For almost a minute he said nothing. Then he rasped back hoarsely, “Cosa Nostra! So you know about it.”

—The Valachi Papers (Maas, 1968, pp. 29–30)

Organized Crime: A Problematic Definition

Organized crime has been variously defined and described by the general public, legislatures, law enforcement agencies, social scientists, and syndicate members themselves. Federal agencies such as the FBI and the Department of Justice use the Federal Task Force on Organized Crime’s general operational definition, one that best fits the generic type, which will be described shortly:

Organized crime includes any group of individuals whose primary activity involves violating criminal laws to seek illegal profits and power by engaging in racketeering activities and, when appropriate, engaging in intricate financial manipulations. . . . Accordingly, the perpetrators of organized crime may include corrupt business executives, members of the professions, public officials, or any occupational group, in addition to the conventional racketeer element. (National Advisory Committee, 1976a, p. 213)

For the purposes of general prosecution and enforcement, most federal and state laws end up including under the definition of organized crime any group crime of a conspiratorial nature that includes types of criminal activity we would more appropriately label as occupational, corporate, political, or even conventional crime (National Advisory Committee, 1976a, pp. 213–215).
I remember when Joe was testifying before that Senate committee [McClellan] back in 1963. I was sitting in Raymond Patriarca’s office [New England mob boss] . . . and we were watching Joe on television. I remember Raymond saying: “This bastard’s crazy. Who the hell is he?” . . . “What the hell’s the Cosa Nostra?” Henry asked [Tameleo, the underboss]. “Is he a soldier or a button man?” . . . “I’m a zipper.” “I’m a flipper.” . . . It was all a big joke to them. In New England we never used names like “soldiers” or “caporegimes.” (Teresa, 1973a, pp. 24–25, 28)

The above account by Vincent Teresa, author with Thomas Renner of My Life in the Mafia (1973b), describes the reaction of a mob boss to the testimony of ex-Mafia member Joe Valachi before a congressional committee. In The Valachi Papers (Maas, 1968), Valachi described the inner workings of something he called “Cosa Nostra” (literally, “this thing of ours”). Other such biographies and autobiographies, although of varying validity, provide rare inside glimpses of organized criminal operations. Pileggi’s Wiseguy (1985), Pistone and Woodley’s Donnie Brasco: My Undercover Life in the Mafia (1987), Bonanno’s A Man of Honor (1983), and Mustain and Capecci’s Mob Star: The Story of John Gotti (1988) serve as illustrations. Pileggi’s Wiseguy, for example, the basis for the film Goodfellas, details the life of Henry Hill, a career criminal who literally grew up in the Mob. Hill gives an inside account of the Paul Vario organized crime family; the 1983 Lufthansa robbery at Kennedy Airport, which netted $5 million in cash; the Sindona scandal, which nearly collapsed the Vatican bank; and the Boston College basketball point-shaving scandal. Hill followed up with a later autobiography titled Gangsters and Goodfellas (Hill & Russo, 2004).

Lupsha (1982) lists the following sources of information on organized crime: informers, hearings and investigations, court trial transcripts and grand jury depositions, news stories, investigative reporting, wire surveillance transcripts, memoirs/biographies, government reports and releases, law enforcement–assisted research, archives and historical documents, observation, and in-depth interviews. While any source may exhibit varying degrees of validity, far more triangulation (use of multiple methodologies in the same study) is required than has been apparent in past criminological research on organized crime.

### Types of Organized Crime (Generic Definitions)

Acknowledging the need for broader (or more generic) definitions of organized crime, like operational policy definitions employed by organizations such as the Federal Bureau of Investigation, Joseph Albini, author of The American Mafia: Genesis of a Legend (1971), offers the following definition:

> [A]ny criminal activity involving two or more individuals, specialized or nonspecialized, encompassing some form of social structure, with some form of leadership, utilizing certain modes of operation, in which the ultimate purpose of the organization is found in the enterprises of the particular group. (p. 37)

Albini then identifies four basic types of organized crime: political-social organized, mercenary (predatory), in-group–oriented, and syndicate (pp. 38–48).
1. **Political-Social Organized Crime**: This category best fits into the “political criminal” activity discussed in the previous chapter. It refers to crime by guerilla and terrorist groups and various militant social movements that use violence, such as the Ku Klux Klan, the Molly Maguires, and the Palestinian Liberation Organization.

2. **Mercenary (Predatory) Organized Crime**: This category refers to crimes committed by groups for direct personal profit, crimes that prey on unwilling victims, such as juvenile and adult criminal gangs who engage in larceny, burglary, and robbery. The Mano Nera (Black Hand) is an example of the last of these. These 1880s extortionist gangs (there was no one Black Hand) in the United States sent threatening notes to fellow Italian immigrants requesting money. The notes usually contained a sinister mark or sign of a black hand. Often erroneously identified as a forerunner of the Mafia, the Black Hand was more a method of crime than an organization. It provided no illicit services and could not assure immunity for its own operators through political corruption.

3. **In-Group–Oriented Organized Crime**: This refers to crimes committed by groups, such as motorcycle gangs and some adolescent gangs, whose major goals are psychological gratification, “kicks,” “rep,” “highs,” “bopping,” and “trashing,” rather than financial profit. Motorcycle gangs—the post–World War II prototype is Hell’s Angels—have branched out since Hollywood portrayals such as Marlon Brando’s in *The Wild One*. These gangs are sometimes used as “muscle” (enforcers) and for low-level jobs by larger syndicate groups (see Abadinsky, 1994, p. 282). The Pagans, begun in Prince George’s County, Maryland, in 1959 (White Prison Gangs, 2009), now have local chapters all along the East Coast, from Connecticut to Florida, with the heaviest membership in the Middle Atlantic states (Pennsylvania Crime Commission, 1980, p. 27). Such groups are involved in narcotics distribution, prostitution, extortion, bribery, contract murders, pornography distribution, and other activities. The Hell’s Angels have also moved extensively into drug trafficking, allegedly controlling as much as 90 percent of the “speed” market in northern California (www.hells-angels.com). Hopper’s (1991) field study of outlaw motorcycle gangs documented their transition from hedonistic hell-raisers to economic entrepreneurs. He also noted that females had lost status in such gangs and have come to play the dual roles of sex objects and money makers. Perhaps an apt concept to apply to such gangs is that of “semi-organized” crime, since they lack at least one of the key features of our definition of organized (syndicate) crime.

4. **Syndicate Crime**: This is the category of organized crime that is the subject of this chapter and to which most writers refer when speaking of organized crime. Syndicate crime (henceforth a synonym for organized crime) may be defined as having three key features, as suggested by Albini (1971):
   - A continuing group or organization that participates in illicit activity in any society by the use of force, intimidation, or threats
   - The structuring of a group or organization whose purpose is to provide illicit services for which there is a strong public demand, through the use of secrecy on the part of associates
   - The assurance of protection and immunity necessary for its operation through political corruption or avoidance of prosecution (pp. 47–48)

In a content analysis of definitions of organized crime provided by various writers and government reports, this author (F. E. Hagan, 1983) discovered that many failed to provide any definition, as such. The following characteristics were identified with some consensus: organized (continuing) hierarchy, rational profit through crime, use of force or threat of force, and corruption to obtain immunity. This analysis has been replicated and updated by Jay Albanese (2004, p. 4), who found that the top six items mentioned included an organized hierarchy; continuing, rational profit through crime; use of force or threat; corruption to maintain immunity; public demand for service; and monopoly over a particular market. Jim Finckenauer (2005) notes the continuing, problematic nature of gaining a consensus in defining organized crime and views violence, illicit services, and immunity as its defining characteristics. This content analysis supports a core criminological definition of organized crime that is basically consistent with Albini’s (1971, p. 126) definition of syndicate crime. Albini’s generic definition of organized crime is actually a definition of “group crime,” that is, crime committed by two or more people. Table 13.1 summarizes the concept of “organized crime” from both a general (generic) definitional view and a more specialized (sociological/criminological) definitional view.

*Organized crime* is used in the most generic sense to refer to group crimes and includes many criminal behavior systems as well as “illicit enterprises” that might more appropriately be labeled professional, occupational, corporate, or even conventional criminal behavior. A more specific criminological definition
would refer to groups that (a) utilize violence or threats of violence, (b) provide illicit goods that are in public demand, and (c) assure immunity for their operators through corruption and enforcement. In 2006, this writer did an updated content analysis of definitions of organized crime as presented in textbooks and scholarly books on criminology, criminal justice, and organized crime itself (F. E. Hagan, 2006). Combining these, the most identified traits were that it is an illegal enterprise (vice activities) that uses violence and threats, and that it is self-perpetuating, monopolistic, and relies on corruption. This writer also proposes that "Organized Crime" (capitalized) be used to refer to criminal organizations while "organized crime" (lowercase) be used to refer to activities. Not all "organized crime" is committed by "Organized Crime" groups. Also, the committing of "organized crime" does not make a group an "Organized Crime" group. While "organized crime" refers to crimes that are organized, "Organized Crime" refers to Organized Crime groups (F. E. Hagan, 2006, p. 134).

### TABLE 13.1 Generic and Specific Definitions of the Concept of Organized Crime

<table>
<thead>
<tr>
<th>Generic Definition</th>
<th>Specific Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two or more people committing crime</td>
<td>Three elements:</td>
</tr>
<tr>
<td></td>
<td>1. Violence</td>
</tr>
<tr>
<td></td>
<td>2. Illicit services</td>
</tr>
<tr>
<td></td>
<td>3. Immunity</td>
</tr>
</tbody>
</table>

### The Organized Crime Continuum

A continuum or ordinal model of organized crime has been suggested by others (Albini, 1971, pp. 37–38; Cressey, 1972; McIntosh, 1975; D. C. Smith, 1975, 1978, 1980). In a frequently cited "spectrum-based theory of enterprises," Dwight Smith (1980) proposed that enterprises take place across a spectrum (or continuum) of possible behavior ranging from the legal to illegal, the saintly to the sinful, and that the separation of legitimate business from crime, distinguishing paragons from pariahs from pirates, is an arbitrary point on that range (p. 371).

What all of these models stress is the fact that organized criminal activity is not a simple category. Rather than viewing the concept as a matter of kind—that is, whether it is or is not—it is far more useful to conceive of it as a matter of degree. That is, the concept of organized crime is an “ideal type,” an abstract generalization that perhaps does not exist in pure form but nevertheless represents a useful, heuristic device for purposes of analysis. Table 13.2 outlines a continuum model of organized (syndicate) crime. Just as medicine may represent the prototype profession, the Cosa Nostra as an ideal type could similarly be a model to which to compare all other groups, although few groups can hope to attain its status or, aside from the Italian American Syndicate, ever have attained it (F. E. Hagan, 1983).

Many profit-oriented or violent criminal groups contain features that may lead us to describe them as examples of semi-organized crime. For example, organizations such as Hell’s Angels or the Pagans operate on a fairly highly developed hierarchical structure that uses violence, supplies goods (particularly illicit narcotics) that are in high demand by select segments of the public, and have obtained immunity in outlying geographical areas not through corruption so much as through intimidation of local law enforcement. Thus, Japanese Yakuza, Chinese Triad Societies, and other international criminal organizations to be discussed shortly can be theoretically, if not empirically, placed on the continuum, although application of the model may be limited in a non-Western context.
Goldstein (1991, pp. 30–32) indicates that the delinquent gang of yesteryear was primarily involved in acts of theft, burglary, and vandalism, with gang fighting (“gang banging”) being rare. The 1950s were the era of the rumble, although such skirmishes were exaggerated by the media and by the gangs themselves. M. W. Klein and Maxson (1989) note, “In the 1950s and 1960s, gang members talked much about their fighting episodes, but [homicide] data from several projects revealed their bark to be worse than their bite” (p. 218). Beginning in the 1970s and continuing into the 1990s, gang violence in the United States worsened, reflecting developments on the national scene. The environmental enhancers of this violence were drugs, guns, and territory, although the latter now involves defense of selling (economic) territory and not so much physical turf (Goldstein, 1991, p. 32).

Malcolm Klein (1990) identifies four myths regarding street gangs:

1. They are highly organized, very cohesive, and have centralized leadership.
2. Street gangs are all violent.
3. Street gangs control drug distribution in our cities.
4. Los Angeles gangs franchise drug distribution to the rest of the country (p. 624).

Malcolm Klein and associates claim that crack distribution, for example, while involving many individual gang members, was not an organized street gang phenomenon in Los Angeles (M. W. Klein, Maxson, & Cunningham, 1991). A contrary view is suggested by C. Taylor (1990) who, on the basis of field research in Detroit, indicates that the gangs he studied transformed themselves from street punks to drug-dealing entrepreneurs worth millions (see Short, 1990, for a review of gang research). Sanchez-Jankowski (1991), in a 10-year participant-observation study of 37 different gangs in New York, Boston, and Los Angeles, was struck by the “defiant individualist character” of many gang members, as well as by their “entrepreneurial spirit.” He was stabbed and shot during his research. Sanchez-Jankowski survived the attack, and today is a professor at the University of California, Berkeley.

### Table 13.2: The Organized Crime Continuum

<table>
<thead>
<tr>
<th>Non-Organized Crime (e.g., Intrafamily Assault)</th>
<th>Semi-Organized Crime (e.g., Some Motorcycle Gangs, Narcotics Smuggling Rings)</th>
<th>Organized Crime (e.g., Syndicates, “Cosa Nostra”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1. Highly organized</td>
<td>Yes</td>
</tr>
<tr>
<td>Not Relevant</td>
<td>A. Hierarchy</td>
<td>Relevant</td>
</tr>
<tr>
<td>Absent</td>
<td>B. Restricted membership</td>
<td>Present</td>
</tr>
<tr>
<td>Absent</td>
<td>C. Secrecy (codes)</td>
<td>Present</td>
</tr>
<tr>
<td>No</td>
<td>2. Violence or threats of</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>3. Provision of illicit goods in public demand</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>A. Profit-oriented</td>
<td>Yes</td>
</tr>
<tr>
<td>Unconnected</td>
<td>4. Immunity through</td>
<td>Connected</td>
</tr>
<tr>
<td>No</td>
<td>A. Corruption</td>
<td>Connected</td>
</tr>
<tr>
<td></td>
<td>B. Enforcement</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Mara Salvatrucha (MS-13) is a Salvadoran gang that began with people fleeing to the United States from El Salvador during its civil war in the 1980s. Some members were former guerillas and created the gang with an extensive hierarchy. They traffic in firearms and deal in stolen cars, drugs, murder, and common gang crimes ("Mara Salvatrucha," 2005). In 2005, the FBI arrested 19 suspected members and charged most of them with RICO violations and also with conspiring to intimidate communities through murder, assaults, and kidnappings (K. Johnson, 2005). The RICO statute (Racketeer Influenced and Corrupt Organizations) was a feature of the Organized Crime Control Act of 1970 that gave the federal government a powerful legal weapon to prosecute groups for having a pattern of organized crime activity over a period of years. It is estimated that 1 of every 10 federal prisoners is in a gang. These gangs are often based on ethnic/racial ties, such as the Mexican Mafia, the Aryan Brotherhood, or an American group calling itself the Mau Mau.

Some more organized street gangs lie somewhat near the middle of the organized crime continuum, although perhaps they are not as highly developed as some motorcycle gangs. In the 1980s, many tough American street gangs were rapidly converting themselves to ghetto-based drug-trafficking organizations, primarily because of the flood of low-cost cocaine (and crack or rock cocaine) from Colombia. At the onset of the nineties, many of these groups were at about the same place as Italian American groups were in the early 1920s during Prohibition (Morganthau et al., 1988, p. 22). Bloods, Crips (Los Angeles); Montego Bay, Shower, Spangler (Jamaican); Untouchables, 34th Street Players (Miami); or Cobras, Disciples, El Rukns, Latin Kings, and Vice Lords (Chicago) are often big, violent, and increasingly wealthy gangs. In southern California, the majority of street gangs are black or Latino, with Anglos normally joining motorcycle gangs. One such group, the POBOBs ("Pissed Off Bastards Of Bloomington"), emerged to become the Hell’s Angels, perhaps the largest and most notorious outlaw biker gang (J. Davis, 1982, p. 42).

The above example of gang graffiti is a marking of gang turf not for bragging rights, but for sales territory and a threat to rivals. The translation is Big Hawk (a member’s street name); 1987 (the year); a member of Blood Stone Villain’s Gang (BSVG), which is a Bloods set (subgroup of the Bloods gang). The lowercase “c,” which is usually X’d out, means that Big Hawk kills Crips, and the number 187 is the section of the California criminal code for murder (Morganthau et al., 1988, p. 23).

For many gang members, self-employment in the underground drug economy provides short-term upward mobility; autonomy; a measure of dignity or self-esteem; and an opportunity to avoid low-level employment under the direction of what is perceived as hostile, outside ethnic or racial groups (Bourgois, 1988, p. 12). Street gangs, despite their penchant for what might appear to be senseless violence, sometimes represent the minor leagues or incubators for future organized criminals and syndicates.

Sanders (1994) notes that there are differences in levels of commitment of gang members (hardcore, affiliate, and fringe). J. M. Hagedorn (1994) points out that, despite high average earnings from drug sales, most gang members would prefer full-time jobs with modest wages, and most move in and out of conventional labor markets. Hagedorn identifies four types of gang members: legits, homeboys, dope fiends, and new jacks. “Legits” are those who mature out of the gang, while “homeboys” are a majority of African American and Latino adult gang members who alternate between legitimate jobs and drug sales. Whereas “dope fiends” stay in the drug business in order to feed their habits, “new jacks” view illegal drug sales as their career (p. 206).

By the 1990s, the FBI began to take gangs very seriously and to apply major resources to their investigation and defeat. By 2007, there were 131 Violent Gang Task Forces and an MS-13 National Gang Task Force. Such actions led to major takedowns of Nuestra Familia, Ruben Castro and the 18th Street Gang, MS-13, the Black P-Stone Bloods, and the Townsend Street Gang (FBI, 2007b).
Internationally, organized crime is not confined to any single political arena and thrives especially in political climates such as liberal democracies and corrupt dictatorships. Because laws of liberal democracies such as the United States, Canada, post–World War II Japan, and other Western European and former British Commonwealth countries place a priority on individual civil liberties, crime control can suffer; such laws make it difficult to crack down on organized criminals and their political allies. Such nations also emphasize private enterprise, which is not restricted to the legal end of the continuum.

In 2000, the United States and 120 other nations signed the United Nations Convention Against Transnational Organized Crime (TOC) along with protocols on human smuggling (including that of migrants). The signatories agreed to criminalize TOC actions and cooperate in their investigations. TOC includes, but is not limited to, drug trafficking and abuse, arms trafficking, money laundering, migrant smuggling and other human trafficking, intellectual property theft, and foreign official corruption.

**Yakuza**

**Yakuza**, the Japanese term for gangsters (literally, “good-for-nothings”), are organized crime syndicates of roughly 90,000 members. Also referred to as *boryokudan* (violent ones), the power of these gangs—the most powerful is the Yamaguchi-gumi—can be illustrated by a stock market scandal in Japan in which top firms, such as Nomura and Nikko Securities, allowed affiliates to finance the activities of Yakuza (Kaplan, 1991). Susumi Ishii, then head of the Inagawakai syndicate, received 25 billion yen ($180 million) from these firms. One of Ishii’s financial advisors in the United States was a company that employed Prescott Bush, Jr., brother of George H. W. Bush, who was president at the time. While Prescott Bush may not have known with whom he was dealing, the Japanese security firms were aware (Kaplan, 1991).

Organized crime figures in Japan have a curious appearance: crew cuts, elaborate tattoos, and missing tips of the little fingers; they often work as “bouncers” or security guards at corporate conventions, a strategic role that enables them to gather information with which to blackmail corporate officials (“Japan,” 1977, p. 40; Rome, 1975).

Representing a traditional part of Japanese society, the Yakuza were originally recruited by right-wing business leaders after World War II to intimidate left-wing opponents. In the eighties, growing concern was expressed regarding Yakuza expansion into the United States (Dubro, 1982). Such groups reportedly owned $100 million in Honolulu real estate, where their restaurants, clubs, and pornography shops catered to Japanese tourists. Active also in California, the groups were involved in smuggling drugs to the United States and guns to Japan as well as recruiting U.S. female “entertainers” as prostitutes in Japan.

Membership in Yakuza groups in 2007 is claimed to be 20 times larger than membership in the American Mafia at its peak (E. Johnston, 2007). There is considerable acceptance and toleration of such groups by both the public and political powers (Kaplan & Dubro, 1986). They serve a useful function for the right wing in intimidating dissenters, the free press, or any group that may appear critical of the government (CBS Broadcasting, 1989). Yakuza are widely involved in sexual slavery. Thousands of women and children, mainly from developing countries, are forced to work as prostitutes near military bases, to participate in the production of pornography, and to enter into mail-order marriages (Kaplan & Dubro, 1986, p. 201).

One third of the members of Yakuza are Korean, and most are from lower-class backgrounds (Kaplan, 1988). Kaplan (1991) explains,

> Yakuza gangs occupy a place in Japanese society hard to imagine in the West. Members sport business cards and lapel pins openly identifying their underworld affiliation. Offices proudly display the gang name and insignia, much as if one found the words “Gambino Family, Manhattan Branch” emblazoned on the door of a Mafia concern. (p. 2)

The success of the Japanese police in fighting Yakuza gangs is noted by E. H. Johnson (1990), who reports that their share of the prison population increased from 21 percent in 1975 to 30 percent in 1986. Yakuza groups had expanded their involvement in coercive resolution of civil disputes stemming from the collection of debts, loan negotiations, bankruptcies, real estate transactions, and other matters (E. H. Johnson, 1990). In 1996, Japanese Prime Minister Ryutaro Hashimoto’s attempt to bail out leading banking and real estate finance companies met opposition in Parliament due to charges that many of the recipients of the bad loans were companies fronting for organized crime, and some of them had close ties to Hashimoto’s party. Bankers hesitated to seize any real estate linked to the Yakuza for fear of being killed or beaten (WuDunn, 1996).
In the early twenty-first century, some erosion in Yakuza codes and lifestyle began to emerge. In 2001, a turf war between rival factions in Tokyo splintered the discipline within Yakuza clans. Movement into legitimate businesses had eroded some practices such as chopping off the tips of pinkies, bouffant hairstyles, and street-level crimes. A poor Japanese economy and competition with rival ethnic gangs (especially Chinese) have also been identified as precipitating change in Yakuza gangs (French, 2001). Police crackdowns are also reportedly costing Yakuza shrinking membership.

**Chinese Triad Societies**

Triads are secret Chinese organizations. Referred to as “black societies” by the Chinese, the British called them Triads because of their highly ritualistic use of numerology, a belief in the magical significance of numbers. The number 3 and multiples of 3 were accorded major importance by these groups. The symbol of Triad societies is an equilateral triangle with the three sides representing the three basic Chinese concepts of heaven, earth, and the human being.

Although they are of much more ancient origin and are even more cabalistic, the legends, rituals (such as initiation rites), and early history of Triads bear an uncanny resemblance to the Mafia legend in Sicily (Bresler, 1980; Morgan, 1960). The earliest Triad secret societies were founded in China 2,000 years ago to oppose warlords (Daraul, 1969; Robertson, 1977). The modern Triads are traced to the latter part of the seventeenth century, when members appeared as resistance fighters against the Manchu dynasty, the “barbarian” invaders who defeated the Ming dynasty. Legend dates the founding of the first modern Triad to 128 Buddhist monks at a monastery near Foochow, Fukien province, in 1674. They were well trained in Asian martial arts, including a type they had perfected themselves—kung fu (Bresler, 1980, p. 28; Chin, 1988, p. 7). A Triad called the Fists of Harmony and Justice led the Boxer Rebellion against the European powers, from 1899 to 1901.

Although originating as brotherhoods for freedom (Lyman, 1974), Triads also had elements of banditry and were heavily involved in the control of vice activities. All of the Triad groups had in common highly ritualized initiation ceremonies, blood oaths, passwords, secret signals, and hierarchical positions. Some positions in a Triad society are described by Bresler in his *Chinese Mafia* (1980):

489. “Shan Chu” (hill chief or head)

438. “Heung Chu” (incense master in charge of ceremonies)

Each cell (branch) had three lower-level offices:

415. The “white paper fan” (financial advisor)

426. The “red pole” (kung fu expert)

432. The “straw sandal” (messenger/liaison with other groups)

49. The ordinary member

The number “4” in all of the titles reflects the ancient Chinese belief that the world was surrounded by four seas.

489 and 438 are said to have been selected because the Chinese characters for 21 (the sum of 4 + 8 + 9) and for 3 and 8, when written together, form the Chinese characters for Hung, the early Ming Emperor in whose name the whole Triad organization began in the first place. 426 is constructed as 4 × 15 + 4, which equals 64. This refers to the 64 diagrams of Chinese script invented by a legendary Emperor named Futeh . . . 432 becomes 4 × 32 + 4, giving us 132, which is the actual number of persons (128 monks and 4 others) supposed to have been living in the original Triad monastery near Foochow. Finally, 49 derives from 4 × 9, which equals 36. This refers to the number of oaths sworn by all new Triad members. (p. 28)

Chin (1988, 1990) claims that many myths similar to early ones about an omnipotent Italian Mafia have been created regarding Triads, and that Chinese small-business owners, not Triads, are responsible for most of the drug trafficking, money laundering, and other criminal activities in U.S. Chinatowns. Care must be taken not to label all Chinese crime groups as Triads. For instance, one Taiwan-based crime group, “the United
Bamboo,” is not a Triad organization; that is, it has no relationship with mainland Chinese Triad groups (National Central Police, 2005).

With the fall of mainland China to the Communists in 1949, many Triads migrated to Hong Kong. The largest of such groups were the Green Pang (Green Gang), the Chui Chaos (Chiu Chau), and the 14K. Although the Green Pang originally controlled heroin distribution in what was then a British colony, they relied on the Chui Chaos for supplies of Thai morphine and opium (McCoy, 1972, p. 229). The Chui Chaos had important connections and even members within the Hong Kong police; they control much of the drug traffic from the “Golden Triangle” (Northern Burma, Laos, and Thailand) and throughout Southeast Asia. Well-known Triads in Hong Kong in the twenty-first century are Sun Yee On, Wo Shing Wo, and 14K (Finckenauer & Chin, 2004).

Triad groups are nonhierarchical and informal. Each faction is run by an independent boss and is autonomous in planning and executing criminal enterprises. They range from street gangs to sophisticated crime syndicates (Lindberg et al., 1997).

Tongs were Chinese American fraternal and benevolent organizations, the term meaning “town hall” or “large hall.” Some of the important Tongs in the United States in the nineteenth century were Bing Kung, Hip Sing, Ying On Ton Su, and Hop Sing. Many of these fraternal organizations relied upon young street gangs to enforce their vice activities. New Tong organizations, formed in the post–World War II period, were more ferocious criminal bands made up of many felons who had fled Hong Kong and the Far East. The Flying Dragons, Ghost Shadows, Gray Shadows, and Black Ghost Shadows were some of these groups. In February 1996, federal law enforcement, after a 1-year sting operation, charged leaders of several Chinese American Tongs with drug trafficking and money laundering. Indicted were members and leaders of Hip Sing Tong, the Hung Mung Tong, the San Gian Tong, and the Fujian Fellowship Association. In 1994, the Tung On Association in Manhattan was found to be used by a gang for protection of its gambling operations, which later led to expanded operations resulting in 10 murders (Faison, 1994).

While some observers claim that Tongs, like chop suey, were strictly an American invention, organized in the gold fields of California about 1860 (Nash, 1981, p. 337), others see them as branches of Triad societies, mainly the Chee Kung Tong, which generated many feuding rival branches (Bresler, 1980, p. 30). Since the late sixties, members of Triads have emigrated and set up operations in the United States, Canada, and Europe, most notably in the Netherlands and in older established Chinatowns of San Francisco, Vancouver, and Amsterdam (R. Wilson, 1978).

While many modern Triads are respected community organizations, others have developed criminal subgroups. Robertson (1977) claimed that, particularly in Western Europe, nearly all Triads were engaged in prostitution, illegal gambling, extortion, and heroin trafficking. They are the major wholesale distributors and processors of opium from the Golden Triangle. “The China White Trail” is a term used by the U.S. Drug Enforcement Administration (DEA) to describe the transportation of heroin from Thailand through the secret societies of Hong Kong and finally the Chinese neighborhoods of New York City (Kerr, 1987). In 1989, the FBI seized 828 pounds of heroin valued at $1 billion (the 1971 “French Connection” bust yielded about 220 pounds). This New York City bust was attributed to the China White Trail. The President’s Commission on Organized Crime (1984a) issued a report on Asian organized crime, as did the Department of Justice in 1988 (Baridon, 1988) and the Hong Kong Security Forces (Fight Crime Committee, 1986; see also FBI, 1985).

With the return of Hong Kong by the British in 1997 to the People’s Republic of China (PRC), most had predicted that the Hong Kong Triads would migrate to the West to escape stricter law enforcement. To the contrary, signs indicate that at least some Triad groups are thriving and have even extended their operations to areas such as Huizhou, the so-called Palermo of China, where cold cash speaks louder than ideology (Viviano, 1997). Stolen cars from Hong Kong are pervasive, courtesy of the 56,000-member Sun Yee On (New Discipline and Peace) Triad, which also deals in narcotics, money laundering, gambling, and prostitution. Chu (2005) found that from 1997 to 2004, Triads increasingly entered the Chinese market, including legitimate businesses.

**Russian Organized Crime**

The most publicized of organized crime groups in the 1990s were Russian. Some 12 to 15 major “mafiya” groups exist, each with a federation of hundreds of smaller groups. The two largest gangs are the Moscow-based Solntsevo, which includes the U.S.-based group Organizatsiya, and the St. Petersburg group, Tambov, which is less active in the United States. Their prime activities include health care fraud, drug and alien smuggling, prostitution, and financial fraud (Krane, 1999). With the fall of the former Soviet Union, such groups have, in some areas of Russia and the former Soviet republics, challenged the government itself as a source of power.
Hundreds of gangs use extortion, fraud, and murder to operate illegal as well as legal businesses. In 1995, they controlled about 400 banks, which explains in part why Moscow, with its exploding crime rate, had few bank robberies at that time (Hockstader, 1995, p. 6). Such groups are well armed and ruthless. While they speak Russian and come from areas of the old Soviet Union or its satellites, numerous groups that are labeled as “Russian organized crime” are from a variety of ethnic backgrounds including Albanian, Armenian, Chechen, Georgian, Jewish, Latvian, Lithuanian, Tatar, and Ukranian (Finckenauer & Waring, 1998, p. 132). Russian crime groups in the United States are fluid, with transient membership in each group varying from 5 to 20 persons. They are loosely structured and often formed on the basis of regional backgrounds or a particular enterprise (Finckenauer & Waring, 1998; Kenney & Finckenauer, 1995).

At the top of such gangs are men such as Vyacheslaw Ivankov, who is one of the vory v zakone (“thieves professing the code” or “thieves-in-law”). The Vory had an oath of their own under the Soviet system that shunned accepted society and defied authority. The vory v zakone are not members of the same gang, but an honored category of criminals empowered to resolve gang disputes. Predating the Russian Revolution, this group’s members were recruited in prison and branded with a tattoo of an eagle, usually on their hands. Many gangs, under increasing pressure in Russia, have migrated to Western Europe, particularly Germany, and the United States (Raab, 1994). Russian gangs have set up operations in the United States, particularly in “Little Odessa,” the Brighton Beach section of Brooklyn, where they have formed cooperative alliances with traditional Mafia groups. On July 9, 1996, the head of the Odessa Mafia, Ivankov, and three codefendants were convicted of extorting $3.5 million from owners of an investment company. They had also kidnapped and killed the father of one owner in Moscow. Ivankov’s arrest was considered the outcome of growing cooperation between the FBI and Russian police to fight such groups (Kenney & Finckenauer, 1995).

In the United States, Russian groups have been involved in a large jewelry heist, as well as in insurance and Medicare fraud, heroin importation, and control of gasoline distribution in New York City. In the latter alone, they evaded over $5 billion a year in taxes (S. Anderson, 1995, p. 43). According to one source, city police from the 60th and 61st precincts moonlight for them as bagmen, muscle, and chauffeurs, and they even participate in fake accident scams (Friedman, 1994).

Rosner (1995) warns us not to create an overglorified image of the Russian mafiya in the United States:

Lastly, the sexy Russian Mafia provides journalists and their readers with a relatively unthreatening, European model of crime—a revisited Marlon Brando world of consiglieri, caporegima, and soldiers. At least that is the model which is appealingly seductive, although quite inaccurate. (p. 32)

The Russian mafiya is a generic term for a type of criminal (black marketer, gangster, drug trafficker, and corruptor) who arose out of social, economic, and historical forces in Russia. When all goods were owned by the state, stealing them became a necessity of life, the “Soviet way of crime” (Albini et al., 1995). Such groups often collaborated with state bureaucrats (nomenklatura) in what might be called the “gangster industrial complex” (Shelley, 1995). Privatization after the fall of the USSR made Russia what former President Boris Yeltsin has called a “superpower of crime.” The Soviet Union itself resembled a criminal racket, and thoroughly corrupt officials were ill prepared for privatization (R. J. Kelly, Schatzberg, & Ryan, 1995).

There have been rising concerns over reports that Russian mobs are recruiting former KGB and former Soviet Special Forces soldiers as members. Many of the groups identified as “Russian” may include others from the former Soviet Union including Armenians, Georgians, Chechens, Ukrainians, and Lithuanians. In addition, there are groups from former Eastern European satellite countries, such as Slovaks, Hungarians, Poles, and Albanians. While it is easy to blame endemic corruption in Russian society for the pervasive organized crime, one must be careful not to replace the Cold War image of Russia as “the evil empire” with one of Russian gangsters. Wedel (1999) points out that in some instances, U.S. policy and institutions have been complicit, either wittingly or unwittingly, in the corruption. Since 1997, the Harvard Institute for International Development has been granted a contract to assist in economic reforms in Russia. The U.S. Justice Department has been investigating the misuse of these development funds in which the privatization of Russian assets have been selectively awarded to insiders through corruption. Members of the Harvard team were criticized by the General Accounting Office for profiting from inside knowledge in these deals. During this time, billions of dollars were being looted from the Russian economy and laundered through U.S. banks such as the Bank of New York (Wedel, 1999).
In 1998, it was revealed that Amy Elliott, a Citibank employee, helped Raúl Salinas, brother of the former president of Mexico, move $100 million into offshore, untraceable accounts through dummy corporations in the Cayman Islands. In the Bank of New York scandal, some $4.2 billion was laundered in over 10,000 separate transactions. The money belonged to Semyon Yukovich Mogilevich, a top Russian crime boss (“Russian Mob May Have Laundered,” 1999). Sukharenko (2004) indicates that Russian groups have yet to cultivate political contacts in the United States to influence the political process. Rather than involving traditional organized crime, their activities tend to include money laundering, tax evasion schemes, insurance fraud, and other white-collar offenses.

Countries with corrupt dictatorships, particularly Caribbean vacation spots, became convenient gambling resort areas, especially when organized crime figures such as Meyer Lansky simply “cut in” the authorities, such as Batista in Cuba or Bahamian officials, in return for unencumbered operations.

### The Nature of Organized Crime

Given our general definition of organized crime, such groups have existed in varying degrees since, or even before, the advent of modern nation-states. Large, diversified syndicate crime, with control on an extra-regional basis over more than a few illegal activities, is primarily a phenomenon of the post–World War I period. While the focus in discussing organized crime is generally on the prototype, what has been called the “Cosa Nostra” (or Mafia), the nature and structure of organized criminal groups are determined by the type of criminal activity they are engaged in as well as by ethnic, subcultural, and cultural values. Criminal gangs, mobs, racketeers, and organized (predatory) criminals share to a lesser degree many of the characteristics of larger syndicates.

### Ethnicity and Organized Crime

Some believe that organized crime began in the United States as an import, along with mass immigration of Sicilians and Italians in the late nineteenth and early twentieth centuries. Organized crime is not simply a “Mafia transplant” or “alien conspiracy” in the United States; it obviously existed before significant Italian immigration, and it probably will exist long after Italian Americans move out of major involvement in organized crime.

Ianni (1973) proposes an ethnic succession theory in which organized crime acts as a “queer ladder of mobility” (Bell, 1953, p. 115), an alternative means of upward mobility for ethnic minorities who, because of discrimination or lack of skills, are temporarily lodged at the bottom of the system of reward distribution in a society. Thus, while the last 50 years in the United States have witnessed the period of Sicilian-Italian domination of syndicate crime, this was preceded by Jewish (sometimes facetiously referred to as the “Kosher Nostra”) and Irish domination. Prior to these groups, WASPs (white Anglo-Saxon Protestants) controlled organized crime. During these periods, many other ethnic groups—for example, Germans, Lebanese, Greeks, and African Americans—also participated in organized crime. At the present time, with its ethnic base largely middle class, the Italian American Mafia might be described as in its eleventh hour, as black, Latino, Asian, and Russian groups move into positions of power in organized criminal activity with their base of operations in low-income ethnic ghettos, long the wellspring of illegitimate careers (see Kleinknecht, 1996). African American organized crime groups are not an example of ethnic succession in that, although they have existed for some time, much of their control has been primarily within black populations. Griffin, in Black Brothers Inc.: The Violent Rise and Fall of Philadelphia’s Black Mafia (2005), describes a group that controlled drug dealing, loan sharking, the numbers racket, armed robbery, and extortion. Led by Sam Christian, they had close ties with the Nation of Islam. They killed rivals, taxed bookies connected with the Cosa Nostra, and intimidated other gangs. The group’s eventual demise as a result of law enforcement led to the emergence of the crack-dealing Junior Black Mafia.

Organized crime is in rapid transition, and much of our image of a dominant Mafia underworld now resembles an old black-and-white gangster movie starring Edward G. Robinson or James Cagney.

This diversity of groups involved in organized crime is certainly well illustrated in the burgeoning international illegal drug business.
Kill the Irishman: The Danny Greene Mob and the Death of the Cleveland Mafia

I never planned nor anticipated living downstairs from one hit man and later down the street from another hit man in another city. In attending graduate school, my wife and I had moved unknowingly into the Collinwood section of Cleveland, which in the late seventies was the headquarters of the Danny Greene mob. In 2011, the movie *Kill the Irishman* was released. It depicts activities that took place in Cleveland in the 1970s in which Danny Greene and his organization took on the Cleveland Mafia, the Murray Hill mob. After Greene had bombed and killed 36 members of the Mafia, and they had been unsuccessful in numerous attempts to kill Greene, the Mob brought in an outside hit man, Ray Ferritto, who managed to kill Greene. When Ferritto was captured, he learned that the Mafia had plans to kill him, so he decided to enter the Federal Witness Protection Program. His testimony began a process that would roll up the entire Cleveland Mafia.

Danny Greene had risen up the ranks of the local International Longshoreman’s Association to become president and had also functioned as enforcer for the Murray Hill gang. He eventually parted ways with Shondor Birns, a Jewish loan shark whom he later blew up. Greene allied himself with John Nardi, a disillusioned former ally of the Murray Hill (or Mayfield Road) gang, the Italian Mafia. The Cleveland Mafia had a storied history that included connections with Charles “Lucky” Luciano and Meyer Lansky and the use of the Teamsters’ Union pension fund to finance the development of Las Vegas. Porello (1995) reports that much of the more recent history of the Cleveland organization had been dominated by Angelo “Big Ange” Lonardo, who rose through the ranks to become Acting Boss of the Cleveland crime family after the death of John Scalish, the long-time boss. After being sentenced to life in 1983, Lonardo became the first in a long line of high-ranking mobsters to become an informant and enter the Federal Witness Protection Program. Until Joe Valachi became the first to violate the mafia code of omerta, the code of silence, honor, and obedience, in the 1960s, no one had broken the code of silence.

In the seventies, the floodgates opened. Joining Lonardo as federal informants were Cleveland native Jackie Presser, president of the Teamsters, and Danny Greene himself and later Greene’s assassin, Ray Ferritto. Although lesser known than Sammy “the Bull” Gravano, Lonardo was perhaps even more damaging to the Mafia (Porello, 1995). During the 1980s, his testimony helped put away Mob bosses nationally.

In 1976, a total of 36 bombs (called headaches by the local Mafia gangs) were detonated across Cleveland in a war between Danny Greene and the Mafia. These headaches claimed the lives of Shondor Birns, John Nardi, and others. After one bombing of Greene’s house, he went from the third floor to the basement in the demolished structure, surviving next to a refrigerator. In a television interview, Greene stated, “I have no axe to grind, but if these maggots in this so-called Mafia want to come after me, I’m over here by the Celtic Club. I’m not hard to find.” The actual Celtic Club was a sign next to the rubble of his destroyed home. Under an Irish flag and next to his new trailer residence, Greene openly defied and taunted the Mafia.

Danny Greene attempted to take over organized crime in Cleveland under the banner of Irish pride. He drove a green car, favored green clothing, wrote with green ink, and decorated his office with Irish paraphernalia. From his home base in Collinwood, Greene sought control of organized crime in Cleveland. The prize in taking over organized crime operations was control of the billion-dollar Teamsters’ pension fund and thousands monthly from the Las Vegas skim and gambling operations in Cleveland and Youngstown (www.americanmafia.com).

The Greene Bombing and Aftermath

On October 6, 1977, Danny Greene visited his dentist. He was unaware of the fact that the Mafia had bugged his phone and were aware of the appointment. Upon leaving the dentist and in the process of getting into his car, a “Joe Blow car” (bomb car) that was parked next to his was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to his was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to their was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to their was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to their was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to their was triggered by a remote control device. It exploded and ended Greene’s life. The assassins were Ray Ferritto and Ronnie “the Crab” Carrabbia from Youngstown. They proceeded to peel out of the parking lot onto nearby I-295. They attracted enough attention to...
The term transnational crime refers to criminal activities that take place in more than one country. The United Nations identified these activities as including money laundering, terrorist activities, art and cultural object theft, theft of intellectual property, arms trafficking, aircraft hijacking, sea piracy, land hijacking, insurance fraud, computer crime, environmental crime, human trafficking, trade in human body parts, drug trafficking, fraudulent bankruptcy, infiltration of legitimate business, corruption of public officials, and other businesses committed by organized crime groups (for example, automobile theft). Recognizing the critical relationship between most of these activities and organized crime, the UN drafted the Convention Against Transnational Organized Crime, mentioned earlier in this chapter, which was signed by the 40 countries necessary to make it binding in 2003. The signatories agreed to adopt tougher laws and to cooperate in the enforcement of these laws against organized crime. Three additional protocols were agreed to dealing with human trafficking, the smuggling of immigrants, and arms trafficking (www.unodc.org).

As part of the preparation for the Convention Against Organized Crime, the UN commissioned a survey of authorities in 16 countries with respect to 40 organized criminal groups. Some of these groups were familiar, such as Cosa Nostra (Italy), Hell’s Angels (Canada), and Yamaguchi-gumi (Japan), while others were simply designated as “Group with no name” (in Germany, the Netherlands, and Russia). Each group was classified regarding its structure, size, activities, level of transborder operations, identity, level of violence, use of corruption, political influence, penetration into the legitimate economy, and cooperation with other organized criminal groups (United Nations Centre for International Crime Prevention [UNCICP], 2000a, 2000b). The United Nations identified five different types of organized crime groups:

1. Rigid hierarchy—single boss, divisions reporting to the center, with a strong internal system of discipline
2. Devolved hierarchy—regional structures with own leadership hierarchy and autonomy
3. Hierarchical conglomerate—an association of groups with a single governing body, varying from an umbrella-type body to flexible oversight arrangements
4. Core criminal group—relatively loose group characterized by horizontal rather than vertical arrangements
5. Organized criminal network—shifting alliances that do not regard themselves as an organized crime entity

In 1982, acting Cleveland boss Angelo Lonardo was sentenced to life for drug racketeering and may have become the first Mafia boss to become an informant for the federal government. Lonardo was influential in convicting Anthony “Fat Tony” Salerno of New York’s Genovese family, Anthony “Tony Ducks” Corallo of the Luchese family, and Carmine Persico of the Colombo family (www.americanmafia.com).

The trial aftermath of the Greene killing had repercussions throughout the Mafia in Cleveland and the nation. The Cleveland Mafia was ravaged by the FBI and was believed to have no living members outside of prison by the early 1990s. It was declared inactive by the FBI and was even labeled extinct by some law enforcement agencies.

By the twenty-first century, it was rumored that acting boss Russell Papalardo was attempting to rebuild the Mayfield Road gang along with the boss, Joseph “Joe Loose” Iacobacci. Tony Liberatore, a man who had been convicted of killing two Cleveland police officers in the 1950s, nevertheless later was appointed to the Water Commission by then Mayor Ralph Perk. In 1977, he was convicted of bribing a Cleveland FBI clerk, Geraldine Rabinowitz. In the first known breach of its type, she provided the Mafia with a list of high-echelon confidential informants. This was believed to be the first time that the Mafia penetrated the FBI. Lonardo, the first known boss to flip, testified before the U.S. Senate Permanent Subcommittee on Investigations in 1988, twenty-five years after the testimony of the Mob’s first informant, Joseph Valachi. Lonardo’s testimony at the Commission trials in New York City helped convict high-ranking bosses, an unprecedented achievement for law enforcement in its protracted war on the Mafia. Another confidential informant of the Cleveland FBI was Jackie Presser, head of the Teamsters. While a rash of Mafia figures, such as Sam Gravano, underboss of the Gotti organization, would flip and cooperate with law enforcement, much of this assault on omerta may have really begun on a large scale in Cleveland.

As a postscript, even though he had at first entered the Federal Witness Protection Program, before his death by natural causes, Ray Ferritto could be seen regularly walking alone about town. He had left the program and explained that he was perfectly capable of protecting himself against anyone that the Mafia would send to attempt to kill him.

Money laundering refers to making clean or washing “dirty money” (illegal funds). A classic task of organized crime syndicates has been to somehow convert large amounts of illegally gotten funds into usable money that appears to come from legitimate sources. Drug traffickers are particularly faced with the problem of laundering huge amounts of ill-gotten currency.

Various countries, most notably Switzerland, the Bahamas, Panama, and other “tax havens,” have created bank secrecy laws that generally forbid the disclosure of the financial affairs of account holders. Some accounts were those of drug traffickers and organized criminals. The U.S. Congress passed the Money Laundering Act of 1986, which made money laundering a federal crime carrying substantial penalties (Weinstein, 1988). A growing number of countries are passing such laws (Gramckow, 1992).

The easiest way to launder money is to take a suitcase full of it to an unscrupulous bank. This bank may recycle the currency to other countries such as Argentina, where the dollar is used because the local currency is subject to hyperinflation. Other methods may include purchasing luxury goods at inflated prices from a coconspirator who transfers the excess proceeds to the purchaser’s account. Proceeds from legitimate businesses such as restaurants can be augmented with illegal funds (Melloan, 1991). Money laundering is a three-step process:

1. Placement—Collect the dirty money and move it into the financial system.
2. Layering—Disguise the money trail by transferring the money into the bank account of phony companies, creating false invoices and enterprises using offshore banks and wire transfers.
3. Integration—The now-clean money can be utilized for investments, political campaign donations, and the infiltration of legitimate enterprise.

Bank personnel are often bribed to accept large deposits without reporting them. These are then wired (transferred) to overseas accounts. The money can also be converted to cashier’s checks and money orders or hidden in export items such as cars or televisions. The large-scale interconnections between drug traffickers and money launderers are illustrated by the BCCI (Bank of Credit and Commerce International) scandal, which first unraveled in 1989 (Lohr, 1992). BCCI, which operated in over 70 countries, was controlled by Middle Eastern investors and was heavily involved in the laundering of drug money; worldwide fraud and bribery; and the secret ownership of American banks including First American, whose director was Clark Clifford. Former Panamanian strongman Manuel Noriega, terrorist Abu Nidal, and even the CIA regularly did business with BCCI. Passas (1995) reports, BCCI had engaged in a huge Ponzi scheme, defrauding about a million innocent clients around the world. According to the liquidators, $9.5 billion are still unaccounted for but no one knows the precise extent of the loss. Huge amounts disappeared into the Grand Cayman portion of the BCCI Group. Series of complex manipulations and falsification of accounts (e.g., unrecorded deposits and false loans or transactions) hid BCCI’s poor financial health and made it virtually impossible to reconstruct the true history of the bank. As investigations intensified and multiplied, revelations were made almost daily, over a long period, about BCCI’s banking services to money launderers, drug traffickers, arms dealers, coffee smugglers, tax evaders, political offenders, dictators, and intelligence agencies around the globe. BCCI also conducted some interbank transactions and had a director in common with Banca Nazionale del Lavoro (BNL) whose Atlanta branch extended billions of dollars in illegal loans to Iraq. (p. 382)

Casinos can be an excellent place to launder ill-gotten funds, especially with the cooperation of insiders. In 1998, two employees of the Showboat Casino in Atlantic City were charged with helping an alleged drug dealer launder $100,000 by depositing it in the casino under a phony name. They could exchange the dirty money for checks and avoid a cash transaction report filed with the Internal Revenue Service. Ill-gotten cash was converted to lucky winnings. In a typical scenario, a money launderer buys chips with dirty money, gambles, and then cashes out, obtaining clean money. In this case, the “drug dealer” turned out to be an undercover IRS agent.

Over $500 billion is laundered annually by various global institutions, making money laundering the third-largest industry in the world. U.S. law requires that cash deposits of $10,000 or more be reported to the Internal Revenue Service, but much of the laundered money ends up in secret bank accounts overseas where it can be freely moved.
FINCEN (the Financial Crimes Enforcement Network of the U.S. Department of the Treasury) has uncovered a new twist to money laundering by Colombian drug traffickers in which they use peso brokers and unsuspecting U.S. companies to launder dirty money:

1. Secret stash houses in the United States store large amounts of dollars from street sales. This money is bought from the drug cartels at a 15–25 percent discount by a peso broker with “clean” pesos.
2. Using operatives, or “smurfs,” in the United States, they deposit the cash in small increments in U.S. banks.
3. The peso broker finds Colombian businesspersons who need U.S. dollars in order to import goods.
4. In return for the businesspersons’ clean money, the broker writes checks from the smurf checking accounts, often exchanging the dollars for pesos at a discount.
5. The orders are welcomed as new sales, and the goods are shipped to Colombia (France & Burnett, 1992).

Illustrating the relationships with legitimate society as well as the transnational nature of money laundering operations, a joint international sting operation involving police agencies from Canada, Italy, Spain, the United Kingdom, and the United States called “Operation Dinero” was aimed at the Cali cartel. The Drug Enforcement Agency set up an offshore bank in Anguilla, which had become a favorite money laundering site for the cartel. At one point, they asked the bank to sell art masterpieces (a favorite money laundering investment) for them. Also involved was the Severa crime organization of Italy. The operation netted 88 arrests and seizure of 9 tons of cocaine and $50 million in cash and property (P. Williams, 1997).

**Drug Trafficking**

While the Italian American Syndicate has been involved in drug trafficking, the business is so large that no one group can hope to control it. Although there are many international sources of illegal drugs, the three primary centers of supply are the Golden Triangle, the Golden Crescent, and Latin America.

The Golden Triangle is the northern border areas of Thailand, Burma (Myanmar), and Laos, which are major heroin-growing areas. Part of this area, called the Shan States, is controlled by an Opium Army made up of the descendants of former Chinese Nationalist troops. The Golden Crescent includes areas of Iran, Afghanistan, Pakistan, and Turkey, which made up the old “French Connection.” The latter, which was the basis of a classic movie, involved the smuggling of raw opium to Marseilles, France, for processing into heroin, after which it was sent to the United States to be sold. The third source, Latin America, involves primarily cocaine and marijuana, mainly from Colombia (Abadinsky, 1994; Inciardi, 1992).

Trebach (1984, p. 132) came up with the notion of the “Iron Law of Opium Trade” to describe a situation in which, if one source of supply is closed, another replaces it. In a 6-year observational study of drug smugglers and dealers, P. A. Adler and Adler (1983) found that, because of the danger and legal penalties, there were “shifts and oscillations” in drug trafficking careers. Involvement was temporary, but due to the large rewards involved, many successful retirees move in and out of smuggling organizations.

**Colombian Cartels**

Probably the most powerful international drug trafficking organization in the world was the Medellin cartel of Colombia, an organization that used M-19 (the April 19 Movement, a revolutionary group) as protection for their operation (Gugliotta & Leen, 1989). It was the latter terrorist group that gave birth to the cartel. In 1981, M-19 kidnapped the daughter of Fabio Ochoa, the most powerful cocaine boss. In response, the Ochoas formed a cartel of 200 other narcotics trafficking organizations in the city of Medellin and prepared to wage war with M-19. The latter group wisely released Ochoa’s daughter and began a hands-off-the-cartel policy in return for a cut of the profits. The cartel used M-19 to storm the country’s Palace of Justice in 1985, killing 12 of the 24 Supreme Court justices (J. Anderson & Van Atta, 1988b; Eddy, Sabogal, & Walden, 1988). Narco-terrorist groups also traffic in weapons, launder money, offer mutual assistance, smuggle contraband, and share intelligence. The Medellin cartel was later succeeded by the Cali cartel and other Colombian groups, or baby cartels. By the 1990s, Mexican drug traffickers began to superecede their previous partners, the Colombians, as

**The Underground Empire**

The arrest and conviction of former Panamanian dictator Manuel Noriega, who was also a paid CIA informant, serves as an example. By 2000, law enforcement officials had begun to seize larger and larger shipments of ecstasy pills, a synthetic “psychedelic amphetamine” also known as MDMA. U.S. Customs estimates that it seized 3.5 million pills in the 1999 fiscal year, compared with 750,000 the year before. A pill produced for less than a dollar in Europe sells for up to $40 in the United States (“Ecstasy Trade, Seizures Skyrocket,” 2000). Once confined to dance parties called “raves,” the drug has spread enormously.

**Mexico’s Drug War**

By 2007, the Zetas, a ruthless Mexican organization that had acted as enforcers for the Gulf drug cartel, superseded their former bosses and moved into the territory of other cartels. Many of its members are from former Mexican elite military units. Their leader, Heriberto Lazcano, is known as El Verdugo, “the Executioner” (Corchado, 2009). The Zetas courted their demise when they began kidnapping wealthy businessmen, attracting the attention of federal law enforcement and the Mexican military.

In 2008, over 6,200 Mexicans died in drug-related killings. Upon taking office in 2006, President Felipe Calderón deployed 40,000 troops and 8,000 federal police to fight the drug cartels. Reportedly, 90 percent of the weapons seized in the drug wars have been traced to the United States. The sheer growth of such cartels has spread to the United States, with gang members in over 200 U.S. cities. The huge U.S. demand for drugs and the fantastic profits to be made have created a monster and the biggest U.S. organized crime problem at the present time. The Mexican cartels are the largest business in Mexico, and their profits are estimated to exceed the U.S. defense budget for the Iraq War. Earning more than the Mexican government, the cartels use their profits to bribe politicians, judges, the police, the military, and other public officials. The Mexican police have historically been poorly paid and encouraged to supplement their salaries with mordida (“the little bite”—bribes) (Lacey, 2009, A12).

Mexican cartels control 90 percent of the cocaine market in the United States and most of the market in other drugs. Some of the major cartels are the Sinaloa cartel, the Juarez cartel, the Tijuana cartel, the Gulf cartel, Los Negros, Los Zetas, and LaFamilia. Much of the violence is between these rival groups as well as with the government. The two key contenders are the Tijuana and Gulf cartels versus the Sinaloa and Juarez cartels. The armed wing of the Gulf cartel is Los Zetas, which is countered by Los Negros, the armed wing of the Sinaloa cartel. Both of these consist of former elite paramilitary.

**Theories of the Nature of Syndicate Crime in the United States**

Jay Albanese (2004) describes three models or paradigms of organized crime that exist in the literature in the field:

1. **Conspiracy theory**—organized crime as a nationwide conspiracy
2. **Organized crime as local, ethnic groups**
3. **Organized crime as enterprise** (p. 96)

The conspiracy theory is what this writer calls “Cosa Nostra theory,” while the local ethnic groups I will call “patron theory.” Enterprise theory, as first proposed by Dwight Smith (1975, 1978), argues that organized crime and normal business are similar activities on different ends of a “spectrum of legitimacy.” Organized crime represents an extension of the principles of legitimate business in illicit areas (Albanese, 1989, p. 97). Crime File 12.2 examines the legend of the Mafia.

**The Cosa Nostra Theory (The Cressey Model)**

The Cosa Nostra theory is a theory of the organizational structure of syndicate crime that has the following main proponents:
1. Interpretations of the testimony of informant Joseph Valachi before the McClellan Commission in the sixties, in which the term “La Cosa Nostra” was first officially introduced.

2. The organized crime section of the President’s Crime Commission Report of 1967 and theoretical interpretations of its principal consultant, sociologist Donald Cressey.

3. Official although belated policies of federal agencies such as the Federal Bureau of Investigation.

**Crime File 13.2**

**The Origin of the Mafia**

In an opening quotation for this chapter, informer and ex-mobster Joseph Valachi, during his testimony before the McClellan Commission, denies that “Mafia” is the name of the organization to which he belonged. As early as 1890, a grand jury investigating the murder of New Orleans police chief David Hennessy concluded that a secret criminal group, the Mafia, was responsible (Albini, 1971, p. 167); the existence of an organization by that name was assumed rather than proven.

**Origin of the Term Mafia**

The origin of the term *Mafia* is often assumed but undocumented (that is, without sources referenced). Joseph Albini, in his *The American Mafia: Genesis of a Legend* (1971, pp. 83–106), notes some of the more commonly cited origins:

- Maffia (Tuscan for misery)
- Mauvias (French for bad)
- Ma-affir (Arab tribe that settled in Sicily)
- MAFIA (Mazzini Autorizza Furri Incendi Auvelenamenti—Mazzini Authorizes Arson, Thefts, and Poisons)
- Mu’afy (Arabic for protect from death in the night)
- MAFIA (Battle cry during the Legend of Sicilian Vespers—a revolt against the French in 1282: *Morte Alla Francia Italia Anela*—“Death to all French is Italy’s cry.”)
- Mafia (The name of a stone quarry in Sicily)
- I Mafiusi di la Vicaria (A popular play written by Giuseppe Rizzotto in 1863, *The Heroes of the Penitentiary*)

Of interest, but not mentioned by Albini, is *Ma Fia* (meaning my daughter) (cited in Talese, 1971, p. 184). On the basis of extensive research on the subject, Albini concludes that the 1863 Rizzotto play is the most likely explanation. The play, which dealt with life among Cammorristi (organized and professional criminals) in a Palermo prison, was very popular; it was later released simply with the title *I Mafiusi*, then a well-known term. This might explain the fact that the term was not popularly known before 1860, while after this period it became almost a synonym for organized crime. Thus, rather than being the name of an organization, Mafia refers to a method—a syndicate-type organized crime.

**Web Research Project**

Do an online search using the phrase “Italian Mafia.” What new developments have taken place in Italy?

The major elements of “Cosa Nostra theory,” as described by Cressey and the Organized Crime Task Force, included the following:

1. A nationwide alliance of at least 24 tightly knit “families” in the United States.

2. Membership that is exclusively of Sicilian or Italian descent, and the organization is referred to as Cosa Nostra particularly by East Coast members. The title of a book by Nicholas Gage (1971) reflects the ethnic exclusivity: *The Mafia Is Not an Equal Opportunity Employer*.

3. The names and criminal activities of approximately 5,000 participants have been assembled, and the formal structure (see Figure 13.1) has been pieced together based on Valachi’s testimony.
4. Overseeing the Cosa Nostra is a National Commission made up of the dons (heads) of the most powerful families in the United States. (Originally consisting of 10 to 12 members, according to Fratianno [quoted in DeMaris, 1981, p. 294], the commission in 1981 consisted of the heads of the five New York families plus the Chicago boss.) The existence of the National Commission was corroborated by means of an electronic bug placed in the dashboard of Anthony “Tony Ducks” Corallo’s Jaguar (Powell, Emerson, Orr, Collins, & Quick, 1986, p. 25).

5. La Cosa Nostra (LCN) controls all but a small portion of illegal gambling in the United States and contains the principal loan sharks and the importers and wholesalers of narcotics.

6. Much of this information is the result of detailed reports of a variety of police observers, informants, wiretaps, and electronic bugs (Cressey, 1969, pp. 99–107, 241–42; President’s Commission on Organized Crime, 1967, pp. 6–8).

The description of the internal structure of the LCN in the President’s Crime Commission Report was based primarily on Valachi’s testimony. Each of the 24 families was described as varying in size from as many as 700 to 1,000 men to as few as 20. Only New York City had more than one family, and it had five. Family organization was described as being rationally designed with sets of positions similar to those in any large corporation. The LCN chain of command is headed by a boss (don), with an advisor (consigliere) and underboss (a sort of vice president). Answering to the underboss are caporegimes (literally, heads of regiments or lieutenants or captains). They are chiefs of operating units or soldiers (soldati, “buttons”). “From a business standpoint, the caporegime is analogous to plant supervisor or sales manager” (President’s Commission on Organized Crime, 1967, p. 451). Soldiers may run various illicit operations on a commission basis or “own” their own operations within which a portion goes to the boss. All of these individuals are “made members” of the organization.

Below and allied with these families are various nonmember associates and employees, individuals who cooperate in and aid organizational operations. Insulation of the boss and other LCN activity is preserved supposedly according to the “oath of omerta,” mentioned earlier: a pledge of loyalty, honor, respect, absolute obedience, manliness, and silence. In the old days, accompanying the initiation was an elaborate ritual in which the novice was inducted into the LCN.

The Patron Theory (The Albini Model)

The “patron theory” views organized crime as consisting of a series of patron–client relationships, as advocated by Albini (1971, 1988). According to this approach, organized crime groups and their leaders resemble a medieval system of shifting warlords in which whoever has the most power and is able to render the greatest services controls support. The occupation of specific positions within a structure is less important than a developmental-association system of peer relations that are informal, flexible, and constantly immersed in conflict. Feudalism rather than the corporate bureaucracy is the appropriate analogy for describing organized crime families, a series of shifting alliances. (See Albanese, 1989, and R. J. Kelly, 1992, for other models of organized crime.)

The Italian American Syndicate (IAS)

Much of what has been written about organized crime has been restricted to an analysis of the Italian American Syndicate (IAS), variously referred to as the Mafia or Cosa Nostra. Critics of this approach (Bell, 1967; Ianni, 1972, 1974; Morris & Hawkins, 1970; D. C. Smith, 1975) have largely made the points that organized crime in the United States is homegrown and is not the product of an imported, alien conspiracy; that no one ethnic group has a monopoly on organized crime; that the picture drawn by the National Advisory Committee on Criminal Justice Standards and Goals (1967), as presented by Donald Cressey (1969) and based predominantly on Joseph Valachi’s testimony, is overdrawn; and that it is doubtful that organized crime, or the IAS, which was the most powerful of such syndicates, ever exhibited the extreme bureaucratic, monolithic structure depicted. These critics do not, however, dispute the existence of organized crime and criminal syndicates as distinct phenomena, nor do they dispute that an IAS (Mafia, Cosa Nostra) is more than a creation of moral entrepreneurs or Hollywood.

While writers such as Albini (1988) maintain that “most research has not lent support to the Cressey model [Cosa Nostra theory]” (p. 350), Rogovin and Martens (1989, p. 11) note that evidence produced in recent years, as well as research and informants, has corroborated Cressey many times over. They (Rogovin & Martens, 1992) indicate,
Chapter 13. Organized Crime

FIGURE 13.1  ■ Internal Structure of La Cosa Nostra Families

- **Boss**
- **Consigliere** (Counselor)
- **Underboss**
- **Caporegime** (Captain)
- **Soldato**

**Exercising Control in the “Family’s” Jurisdiction Over**

- **Corruption of Police and Public Officials**
- **Soldato** (Soldier or “Buttonman”) Each Soldato Under a Caporegime (Number of Soldati Varies Depending on Size of “Family”)
- **Enforcing Discipline Over Members and Nonmember Associates and “Fronts” Alone on Order From Leadership by Assault, Mayhem, and/or Murder**

**With and Through**

- **Nonmember Underworld Associates and “Fronts” Participate in, Exercise Control Over, Influence, or Corrupt for Monetary Gain**

**Legitimate Industry**
- Meat Distribution
- Waterfront
- Garbage Disposal
- Vending Machines
- Realty
- Liquor (Bars, Taverns)
- Labor Unions
- Restaurants
- Garment Industry
- Produce

**Illegitimate Activities**
- Alcohol
- Narcotics
- Labor
- Racketeering
- Gambling (Numbers, Policy, Dice Games, Bookmaking)
- Loansharking
- Extortion

**Source:** U.S. Senate Permanent Subcommittee on Investigations (1980, April), Committee on Governmental Affairs, Hearings on Organized Crime and Use of Violence, 96th Cong., 2d Session, p. 117.
The volumes of evidence produced over the past eight years, as well as the books that have been published by researchers, journalists, investigative reporters, private citizens, and members of La Cosa Nostra have corroborated Cressey over and over again. Why ignore Bonanno’s (1983) autobiography of his life in LCN? There is a great chapter on the “Commission” and its model of operation. Read Fratianno’s account of his life in the LCN (DeMaris [with] Fratianno, 1981). Seek out the wiretap product which was made public in the Commission trial in New York. . . . Read the transcripts of the Scarfo trials in Philadelphia and critically evaluate the testimony of two LCN members who became state’s witnesses (Cooney, 1987; Mallowe, 1988). Obtain the transcripts of the trial of Nick Civella in Kansas City (Turner, 1983, p. 30); the testimony of Cleveland LCN underboss Angelo Lonardo before the Permanent Sub-Committee on Investigations (P.S.I., 1988); or the trial testimony of Gennaro Anguilo in Boston. Surely, the infamous “Pizza Connection” trial (Alexander, 1988; Blumenthal, 1988); the reporting of Jimmy “the Weasel” Fratianno (DeMaris [with] Fratianno, 1981) or Joseph Bonanno (1983), Paul Meskil (1976), and Thomas Renner (Teresa and Renner, 1973; Renner and Giancana, 1984) are relevant pieces of research literature. . . . Testimony in these trials admitted the existence of a Mafia (Albanese [1989, p. 66]). (p. 70)

The Classic Pattern of Organized Crime

In their book *The Crime Confederation*, Ralph Salerno and John S. Tompkins (1969) describe the “classic pattern of organized crime” as a gradual movement from “strategic and tactical crimes” such as assault, bribery, and extortion to “illegal businesses and activities” to “legitimate businesses” to “big business.” Due to their willingness to commit and employ strategic and tactical crimes, organized gangs are thereby able to acquire both the funds and the power to be fairly successful at illegal businesses and activities. They are, of course, not the only types of criminals engaged in these activities, but they are more organized, more persistent in their efforts, and simply better at it. The types of crimes committed under strategic and tactical crimes are for the most part disapproved of by the general public, while the illegal businesses and operations often serve public demand for vices and other illicit activities. Unwittingly the government, by branding much of this activity illegal—such as narcotics and gambling—creates a monopoly for criminal groups that are organized well enough to supply these goods and services.

A major problem of some “unconnected” or nonorganized criminals is laundering of funds obtained in illegal operations. Who brought down Al Capone? Not Elliot Ness with a Tommy gun, but Frank Wilson of the Internal Revenue Service with pencils, ledgers, and a green eyeshade (Marbin, 1989, p. A1). In the earlier history of U.S. organized crime, even “connected” figures such as Al Capone were convicted of income tax violations, and this lesson was not lost on other organized criminals, as many began trading in their black shirts and white ties for Brooks Brothers suits. With funds obtained in illegal operations, organized criminals can infiltrate legitimate businesses, an even more fertile field for their activities. Finally, experience in such operations enables movement into even bigger businesses.

Strategic and Tactical Crimes

The strength of organized criminal groups is based on their willingness and ability to use force or threats of force to assure discipline within and outside the organization. Although activities such as assault, coercion, extortion, and murder are not the exclusive property of organized criminals, they seem to be used more frequently by this group than by most other types of criminals.

Assault, coercion, extortion, and murder are bottom-line tools employed by organized crime, weapons of last resort to assure the “rational” pursuit of profit. “Make him an offer he can’t refuse” is black humor, but it is an all-too-apt phrase to describe methods used by organized criminals to accomplish their will. Violence and threats of violence; demands for protection money (extortion); and, when necessary as a last resort, murder (“making your bones”) is part of the repertoire. Decades of internal wars and assassinations within the ranks of organized crime attest to the fact that outsiders are not the only victims of Mob discipline.

Blackmail, bribery, and corruption are essential strategic tools of organized crime. The American Bar Association, in its *Report on Organized Crime* (1952), concluded, “The largest single factor in the breakdown of law enforcement dealing with organized crime is the corruption and connivance of many public officials” (p. 16). Blackmail is more easily achieved by organized crime figures because of their involvement in gambling casinos, pornography, and servicing of vice-related activities. Bribery and corruption of public officials make up the largest operating cost of organized criminal groups, a sort of “underground” tax or license to steal. Organized crime has been so successful in corrupting public officials that cities, counties, and entire states
have been “in the bag.” Success in strategic and tactical crimes provides the money, “muscle,” and “respect” for success at principal illegal businesses and activities. The strategic and tactical crimes are for the most part “rackets,” services that lack or do not require public demand. Organized criminal involvement in illicit enterprises or illegal businesses satisfies public demand for services or vice activities that either cannot be or are not met by legal businesses. Thus, the loan shark is a banker of last resort, and the fence is a less expensive shopping center.

**Illegal Businesses and Activities**

From the end of the Prohibition era until recently, gambling has been viewed as the number one moneymaker for organized crime. Although often described as a Depression or ghetto invention, lotteries flourished in the United States as far back as colonial times, used during that period to pay for public works (National Institute of Law Enforcement and Criminal Justice, 1977). In addition to lotteries, syndicates are involved in other gambling activities, such as bookmaking (taking bets on sporting events); illegal gambling devices (slot machines, punchboards, sports polls); the running of illegal gambling establishments; and the **numbers game**, the basic strategy of which is similar to that of legalized state lotteries: The bettor tries to choose a winning three-digit number. Traditionally, number-selection methods differed from those of lotteries: Numbers were chosen that matched the numbers of win-place-show horses at a track or Dow Jones averages. State lotteries choose numbers by spinning a wheel or by some other “honest” means. Sports betting such as on NFL games is the most popular.

The advent of legal state lotteries may not have made the dent in the illegal numbers business that many had hoped. Many numbers writers simply use the legal daily number as their own, increasing the nontaxed payoffs and sometimes even laying off bets with the state. In the latter practice, they simply replay the same bet with the state in case it has too big of a run on certain numbers. Illegal casino gambling still exists in many American communities. Dice or craps games, wheels, and high-stakes card games can often be found by simply asking local cabbies, “Where’s the action?” Reuter, in his book *Disorganized Crime* (1984b), is quick to point out that the Mafia control of illegal markets is exaggerated and that the numbers game, loan sharking, and bookmaking are very disorganized businesses.

Related to gambling operations is the **loan shark** or shylock (the latter name derived from Shakespeare’s character Shylock in *The Merchant of Venice*, a money lender who demands his “pound of flesh” as repayment). Loan sharks provide quick loans on the spot to borrowers who are either high risk or in a tight spot. These loans are given at usurious (illegal and exorbitant) rates. Although rates vary, a typical loan might be a “six for five” arrangement. That is, for every five dollars borrowed, six dollars must be repaid (20 percent interest) per week. Sharks are more interested in collecting periodic interest payments (called “juice,” “vigorish,” or “vig”) than in having the loan paid off. Often borrowers give their bodies as collateral since, if they were good risks or could share their problem, they could have gone elsewhere. Gambling is the usual manner in which the successful business person, but poor gambler, is introduced to loan sharks and, if his or her luck does not improve, he or she may have some new business partners. Crime File 12.3 describes organized crime’s growing involvement in software piracy.

The Pennsylvania Crime Commission (1992) reported on organized crime infiltration of legitimate, charitable, and Indian reservation bingo games. Racketeers and mobsters were described as practicing fraud, misrepresentation, and diversion of monies from such games and using charitable organizations as fronts.
for skimming millions of dollars. Ironically, the Pennsylvania Crime Commission itself was dissolved when it began to investigate illegal campaign contributions by gambling operators to the Pennsylvania Attorney General Ernie Preate, who later served time in jail for his activities.

Other successful illegitimate activities of organized criminals involve labor racketeering; narcotics trafficking; prostitution; pornography (although now much of this is legal); stolen property (such as cars, stocks, and bonds); and even illegal sale of alcohol. Organized criminals will involve themselves in any scam (illegal activity) so long as it is relatively safe and profitable (Kwitny, 1979). In 1997 in Russia and Georgia (the country), it is estimated that 1 in 5 dwellings produced illegal alcohol. Organized criminal groups, sometimes protected by customs personnel, deliver the products in small ships (Konstantinova, 1997). The mortality rate from the consumption of illegal alcohol in the former Soviet Union is very high.

Crime File 13.3

“Snakeheads” and Software Mobsters

“Snakeheads” (human traffickers), a group of Asian mobsters affiliated with Chinese organized crime groups, have traditionally specialized in illegal immigrant smuggling. They sometimes severely mistreat or even kill their clients by putting them in containers without adequate food or water, or they drop them off too far at sea. Counterfeit software has moved beyond small-time hackers and has become more dangerous with the entry of Asian organized crime. The Business Software Alliance estimates that the U.S. economy loses 130,000 jobs annually to software theft. The international piracy trade is described by Panattieri (1999) as follows:

First, an organized-crime operation makes millions of dollars pushing drugs and prostitution in Asia. Next, the money is diverted to California, where it is used to purchase hardware, software, and paper goods to produce pirated CDs and user manuals. Third, the counterfeit software is distributed at computer “swap meets” held regularly on college campuses across the nation; shipped abroad; or offered for sale on the Internet. Finally, the proceeds from the pirated software are laundered through real estate purchases in California or illegally wired back to Asia. (n.p.)

Snakeheads, for a $30,000 fee, smuggle illegal aliens into the United States. Some clients become indentured servants, producing illegal software in sweatshops in order to pay off their debt. The multinational nature of such operations produces a real challenge for law enforcement.

In investigating what they call the “software sopranos” or the “digital dons” in California, the Justice Department reports that besides the Snakeheads, the Black Dragons and Wah Ching (“Chinese Youth”) gangs are also involved in product counterfeiting. Also operating are Russian groups, as well as a Vietnamese group called “The Company” that was involved in 30 armed robberies of electronics firms (J. Glasser, 2000).


Web Research Project

What has been the controversy related to FAST (the Federation Against Software Theft)?

Labor racketeering generally refers to the infiltration of unions to use their influence for personal profit. Such operations, which may take the form of bribes, kickbacks, and extortionary threats, permit mobsters to use pension funds and to offer “no-strike insurance” (the guarantee that workers will not strike) and sweetheart contracts (collusion between the employer and union officials at the expense of workers), as well as other operations.

Four unions with historically substantial organized crime control and influence are the International Longshoremen’s Association, the Hotel and Restaurant Employees Union, the Laborers International Union
of North America, and the International Brotherhood of Teamsters. Construction costs in New York City are estimated to be 25 percent higher due to the need for organized crime payoffs, because of Mob control (Powell et al., 1986, p. 28). Mob-controlled Teamster locals 295 and 851 enabled Anthony “Tony Ducks” Corallo to shake down air transport service companies for $1.1 million between 1978 and 1985 (Rowan, 1986, p. 34). In 1990, the federal government charged that for 20 years Nicodemo Scarfo, head of the Philadelphia Mafia, had been running the 22,000-member Local 54 of the Hotel and Restaurant Employees International Union from his cell in prison. The local chapter included Atlantic City casinos (A. Hagedorn & Lambert, 1990, p. B6). “The Outfit” in Chicago charges a “street tax” on all illegal activities. Gamblers, vice operators, even owners of parking lots and legitimate businesses must pay 10 to 50 percent of their gross revenues to the Chicago Mob. Crime File 13.4 gives an account of James B. Jacobs’ book *Mobsters, Unions, and Feds* (2006). Mob infiltration of the American labor movement has not been significantly addressed by scholars in the past.

**Crime File 13.4**

**Mobsters, Unions, and the Feds**

In James Jacobs’ *Mobsters, Unions, and Feds* (2006) and previous works such as *Busting the Mob: The United States v. Cosa Nostra* (J. B. Jacobs, Panarella, & Worthington, 1994) and *Gotham Unbound* (J. B. Jacobs, Friel, & Radick, 1999), the author tells the tale of labor racketeering as an example of American exceptionalism: “No other country has a history of significant organized crime infiltration of the labor movement, and no other country has an organized crime syndicate with a power base in the labor unions” (p. xi). The Mob regularly used union connections to establish and enforce employer cartels that fix prices, control contracts, and suppress competition. Surprisingly, this has not attracted much attention from academic and legal scholars. While there is a subfield of white-collar crime, there has not been one devoted to union crime.

The 1957–1959 Senate McClellan Commission Hearings on labor racketeering were the most extensive and largest congressional investigation in U.S. history at the time. Despite this, little attention has been given to the corrosive impact of Mob ties on organized labor’s dwindling power. Most of the exposure of labor racketeering was left to investigative journalists. While academic scholarship on unions is thin, much can be mined from congressional hearings and reports.

The racketeers’ basic modus operandi includes looting union treasuries and pension funds by theft, fraud, and bloated salaries; selling out union members’ rights and interests in exchange for employers’ bribes and kickbacks; exploiting union power to extort employers; and conspiring with employers to operate cartels that allocate contracts and set prices. Labor racketeering serves the organized crime families as a bridge to the power structure in many American cities (J. B. Jacobs, 2006, p. 2).

For most of the twentieth century, local law enforcement was either too corrupt or incapable of fighting organized crime. The FBI under Hoover denied its existence. When federal law enforcement finally decided to take on labor racketeers, the latter suffered major defeats. Not all unions were highly susceptible to Mob takeover. Most vulnerable were those connected to small employers. They were less able to organize against gangsterism and more easily intimidated and subdued. The earliest unions to be infiltrated were the restaurant workers, coach and truck drivers, and construction workers. Large industrial unions were less successful targets for organized crime.

Federal law enforcement efforts during Hoover’s era at the FBI were more interested in suppressing communist influence in unions and did not oppose Mob influence. In 1986, Reagan’s President’s Commission on Organized Crime (PCOC) issued its report. One of the volumes, titled *The Edge*, addressed specifically organized crime’s exploitation of labor unions. Organized crime’s influence over labor unions provided businesses that were owned, dominated, or favored by organized crime with an edge over competitors (J. B. Jacobs, 2006, p. 42). Organized crime still controls many local and regional unions and wields power in several important international unions.


**Web Research Project**

Using a Web browser, locate some recent articles on labor racketeering.
The largest illegal business of organized criminals is now drugs. In 1986, the President’s Commission on Organized Crime (1986) estimated that organized crime in the United States took in as much as $106.2 billion, and by far the biggest moneymaker was illegal drug trafficking. Success and money from illegal operations, although welcome, present organized criminals with potential tax problems, further encouraging them to move into legitimate businesses. Such businesses provide many opportunities for organized crime. They provide a source of legal income that can help explain gangsters’ high lifestyles. Because of their methods, criminals can monopolize markets and make more money than competitors. Such businesses also yield a “cover,” or respectable occupation, as well as a base of operation and a meeting place, particularly for dealing with public officials. They enable the “washing” or “laundering” of funds and provide a diversification of operations.

Favorite businesses of organized criminals include auto sales, bakeries, clothing manufacturing, construction and demolition, import/export, garages, hotels, vending machines, produce, trucking, bars and restaurants, garbage collection, and the like. Businesses such as vending and bars are fertile ground for “skimming” (hiding or not counting money earned, for tax purposes). One hundred dollars skimmed every day from a busy bar would amount to over $30,000 a year, tax free, from just one business. Extortion and monopolization in vending businesses enable organized criminals to force out competitors.

Ianni in A Family Business (1972) suggests that the seeds of many American fortunes began with “dirty business” and progressed in a couple of generations to “respectable” business, a natural “ethnic succession” and progression. In discussing federal enforcement, Ianni is concerned that this progression not be entirely blunted. In the main, however, organized criminals in such enterprises often carry over all the same illegal techniques.

With major crackdowns on traditional organized crime activities such as extortion and bid-rigging rackets, Mafia crime groups in New York in the nineties were shifting some of their focus to health frauds, prepaid phone cards, and Wall Street scams. Raab (1997) indicates,

Prepaid phone cards were grossing $1 billion in the United States in 1996 and provided a new target for organized crime. The Gambino crime family stole over $50 million from companies and phone callers by selling $20 cards that became worthless after only $2 or $3 in calls (Bastone, 1997). Other New York City crime families have infiltrated Wall Street, particularly over-the-counter stocks handled by small brokerage firms. Brokers who are in debt or wish to expand their businesses borrow money from the Mob. They are then forced to sell most of the low-priced shares in a company before they are available as initial public offerings. The value is artificially inflated by fake transactions and trading among themselves. At the same time, brokers push the stock on unsuspecting investors. The mobsters then sell, making high profits before the overvalued stock collapses (Bastone, 1997).

Of major concern to law enforcement officials is the burgeoning growth in transnational smuggling of illegal aliens from underdeveloped to developed countries. Tens of thousands from the former Soviet Union, Asia, and Eastern Europe are trafficked each year, often unknowingly into forced prostitution in developed countries. They work as indentured slaves in the global sex industry in bars, massage parlors, and brothels. Most are attracted through deceit and coercion and find themselves without visas or passports in foreign lands. Human rights groups estimate millions of women and children are forced into such lives of criminal exploitation. Such statistics are dubious, however. The U.S. State Department had estimated that 50,000 to 100,000 women and children are brought into the United States each year against their will. These statistics were later seriously questioned and downgraded to less than 17,500 in 2007 (Markon, 2007). In Europe, Albanian clans are middlemen for human smuggling operations of Russian and Chinese organized crime. The lack of strict laws in some countries reflects a patriarchal culture that denigrates women (Fleishmann, 2000).

Crime File 13.5 describes the indictment of human traffickers operating in Hawaii.

Incredibly, in something that sounds like a James Bond movie, in 1997 police investigations revealed that Russian organized crime figures in Miami Beach had claimed to Colombian drug cartel members that they could supply them with tactical nuclear weapons, as well as a submarine. Many of the Russian organized crime figures are believed to be ex-KGB members.
Human Traffickers Indicted

Massive Case Involves 600 Thai Victims

It seemed pretty straightforward: labor recruiters in Thailand approached impoverished rural farm workers—who made around $1,000 (U.S.) annually—and offered jobs on American farms for higher pay.

Many, hoping to provide a better life for their families, accepted the offer, which was made through an American company called Global Horizons, in the business of recruiting foreign workers to work in the U.S. agricultural industry. But once in the U.S., the Thai workers soon discovered a harsh reality: they worked for little or no pay, and they were held in place with threats and intimidation.

Eventually, their plight became known to law enforcement, and earlier this month, after a multiagency investigation, two additional defendants—accused of being part of the scheme to hold 600 Thai nationals in forced agricultural labor—were indicted in federal court in Honolulu. They joined six individuals who had been indicted last fall.

Among those indicted? The CEO of Global Horizons, several Global employees, and two Thai labor recruiters.

The latest indictment alleges a conspiracy among those indicted that began in 2001 and ran until 2007.

How the scheme worked.

Thai recruiters allegedly met with rural farm workers, promising them good salaries, lots of hours, decent housing, and an employment contract that guaranteed work for up to three years. All the workers had to do was sign the contract . . . and pay a “recruitment fee.”

The recruitment fees were substantial . . . anywhere between $9,500 and $21,000. And even though they were given the option of paying a portion of the fee upfront and the rest while working in the U.S., the workers still had to borrow money to pay the smaller amount and [put] up their family’s land as collateral.

Meanwhile, back in the U.S., Global Horizons was soliciting client growers—at various agricultural conferences and through mailings—with offers to supply foreign agricultural workers.

Conditions were tough.

According to the indictment, once in the U.S., workers found that the work was not as plentiful as they had been led to believe, the hours not as long, and the pay not as good (that is, when they were paid at all).
Big Business and Government

Success at small business permits Mob infiltration of big business, the heart of our nation’s economy. We have already suggested the impact of Mob influence on big labor unions such as the Teamsters and the Longshoremen. Banking, construction, entertainment, insurance, real estate, and even Wall Street are not immune. By the 1990s, the Mob had moved from shaking down indebted stockbrokers to stock price manipulation. As alluded to above, in a classic “pump and dump” operation, brokers use high-pressure sales tactics to pump up the price of a stock they owned and then the shares are dumped before their worth plummets.

Given the classic pattern of organized crime, we must ask the question, “What remains?” Only government. Can or does organized crime have the capability of compromising the government itself? In “Operation Mongoose” (Ashman, 1975), the Central Intelligence Agency used syndicate criminals to put a “hit” on Cuban premier Fidel Castro in 1963. Although apparently a scam on the part of the Mob in that no serious attempts took place (DeMaris, 1981, p. 267), the deal apparently called for cooperation by the CIA in smuggling prostitutes from Marseilles to staff Mob brothels in Las Vegas (“Gangland Enforcer Paid With Life,” 1977). One principal figure, John Roselli, who hinted at tie-ins with the Kennedy assassination before the House Assassination Committee, was killed by the Mafia before he could testify further (J. Anderson & Whitten, 1977). The U.S. House of Representatives Select Committee on Assassinations (1979) concluded that there was a conspiracy in the assassination of John Kennedy as well as possible conspiracies in the assassinations of Robert Kennedy and Martin Luther King, Jr. Chief counsels to the committee, G. Robert Blakey and Richard Billing (1981), more specifically point the finger, as the title of their book indicates: The Plot to Kill the President: Organized Crime Assassinated JFK (see also Scheim, 1988).

Although it is not proven, it is alleged that the Mafia felt betrayed by John Kennedy. They claimed that they were responsible for getting him elected by stuffing ballot boxes in Illinois. When Kennedy became president and appointed his Mob-busting brother, Robert, to the post of Attorney General, a crusade against the Mob began, particularly on associates such as Teamster leader Jimmy Hoffa. This campaign did not sit well with his “subordinate,” FBI Director J. Edgar Hoover. Although not proven, it has been charged that Hoover avoided any efforts against organized crime because he had been compromised, having received favors from gamblers, and perhaps having been blackmailed regarding an alleged secret sex life. Columnist Jack Anderson and others (Anderson & Whitten, 1977) claimed that JFK was assassinated for two reasons: first, in retaliation for assassination attempts on Castro (Santo Trafficante, one of the would-be assassins, may have defected), and second, as a way of removing Robert Kennedy from power. This is, of course, all speculative, but the day after the assassination of President Kennedy, Hoover, the nation’s top law enforcement officer, spent the day at the racetrack.

Human trafficking investigations like these are—and will continue to be—a priority under the FBI’s Civil Rights Program. During fiscal year 2010 alone, we opened 126 human trafficking investigations and made 115 arrests, with the assistance of our law enforcement partners often working together on task forces and working groups.

But perhaps more gratifying, we were able to completely dismantle 12 human trafficking organizations. And resulting prosecutions led to $2.7 million in fines and restitution for the victims of human trafficking.

Concerns have risen regarding organized crime and drug dealers’ infiltration of the Medicare system, a $250 billion-a-year business already rife with rip-offs by other crooked operators. Many moved out of the drug trade into the safer and more lucrative medical swindle business. They have set up thousands of fake clinics, medical equipment stores, and laboratories, and they use a maze of bank accounts and offshore accounts to move their money. It is a particular favorite area for Russian organized crime groups (Hedges, 1998).

As a testimony to the power of organized crime groups, shortly after the arrest of Cali cartel leader Gilberto Rodrigues Orejuela, Ernesto Samper (1995), then president of Colombia, stated, “In the past decade, Colombia has lost countless lives, including more than 3,000 police officers and soldiers, 23 judges, 63 journalists, and four presidential candidates” (p. A16).

The infiltration of organized criminal groups into large business enterprises is also assisted by activities of legitimate organizations themselves, some operations of which resemble those of organized crime. Bribery and corruption of national and international public officials, violence either indirectly through sale of unsafe products or directly in deposing foreign leaders such as Allende in Chile, and pushing of drugs far in excess of the medicinal needs of consumers are just a few such examples. A detailing of criminal activities of organized crime syndicates, and particularly the IAS, is not intended to ignore their corporate counterparts, but to recognize the former as having distinct characteristics of its own. Similarly, while the IAS did not invent and does not control all of organized criminal operations, it has been the most powerful of such groups in the United States since the 1930s.

### A Brief History of Organized Crime in the United States

A detailed account of the history of U.S. organized criminal activity is beyond the scope of this text. Readers are advised to consult sources cited in the reference list, particularly Abadinsky (2006), Talese (1971), Hammer (1975), MacLean (1974), and Gage (1972). However, a brief account will familiarize the reader with some key events in the history of organized crime. Table 13.3 contains a short chronological list.

#### Before 1930

Organized crime had its beginnings in the New World with colonial pirates, former naval mercenaries working for England in her war against Spain. By the end of the seventeenth century, they were an institutionalized component of international trade, intimately tied up with the business and governmental systems of the time. “The pirates, it is clear, were the racketeers of their day, bribing officials, corrupting entire governments and looting to maintain a vast underworld market in forbidden goods” (F. Browning & Gerassi, 1980, pp. 71–72). Organized crime appeared to be an intimate component of American cities from their beginnings, with “robber barons” or “industrial pirates” looting the landscape in early capitalism (G. Myers, 1936) and criminals, police, and politicians cooperatively running illicit enterprises in order to satisfy public demand for vice activity. The Irish and Anglo-Saxon street gangs in nineteenth century New York formed organized criminal groups, just as a later generation of mostly American-born street hoodlums of Italian descent would form the most successful prototype of American syndicates, the IAS.

The view has already been espoused in this chapter that organized crime in the United States existed long before major Italian immigration, being dominated in its early history by small local mobs of WASP origin. Also described was the 1890 “New Orleans Incident” in which a member of a rival Italian American criminal brotherhood killed the city’s police chief. The aftermath of that incident was a grand jury report naming a secret criminal group, “Mafia,” as responsible. Due to a believed fix in the case, angered citizens stormed the parish prison, executing a number of the gang leaders and almost precipitating a war between the United States and Italy (Albini, 1971, p. 167).

A major development in organized crime has been the growth of transnational organized crime. Crime File 13.6 describes the evolution of transnational organized crime (TOC) as well as research on this topic funded by the National Institute of Justice.
**TABLE 13.3  ■ Chronology of Selected Events in the History of Organized Crime in the United States**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1700s</td>
<td>Colonial pirates</td>
</tr>
<tr>
<td>1800s</td>
<td>WASP, Irish, Jewish gangs</td>
</tr>
<tr>
<td>1890</td>
<td>The New Orleans Incident</td>
</tr>
<tr>
<td>1920</td>
<td>The Volstead Act (Prohibition)</td>
</tr>
<tr>
<td>1930–1931</td>
<td>Castellammarese War in New York City</td>
</tr>
<tr>
<td>1931</td>
<td>Would-be “capo di tutti capi” Maranzano murdered</td>
</tr>
<tr>
<td>by 1934</td>
<td>Cosa Nostra confederation established</td>
</tr>
<tr>
<td>Post-WWII</td>
<td>Mob moves into Las Vegas</td>
</tr>
<tr>
<td>1950</td>
<td>Kefauver Committee Hearings</td>
</tr>
<tr>
<td>1957</td>
<td>The Apalachin “Gangland” Convention</td>
</tr>
<tr>
<td>1963</td>
<td>McClellan Commission Hearing, featuring star witness Joseph Valachi</td>
</tr>
<tr>
<td>1970</td>
<td>Organized Crime Control Act passed</td>
</tr>
<tr>
<td>1971</td>
<td>Mob boss Joe Colombo shot at Columbus Day rally</td>
</tr>
<tr>
<td>1976</td>
<td>Carlo Gambino dies</td>
</tr>
<tr>
<td>1979–1980</td>
<td>Mob wars continue (Galante, Bruno, Testa)</td>
</tr>
<tr>
<td>1980–1981</td>
<td>FBI round-up of top Cosa Nostra bosses begins</td>
</tr>
<tr>
<td>1983–1986</td>
<td>President’s Commission on Organized Crime</td>
</tr>
<tr>
<td>1985</td>
<td>Paul Castellano assassitated</td>
</tr>
<tr>
<td>1992</td>
<td>John Gotti convicted</td>
</tr>
<tr>
<td>1992</td>
<td>Sicilian Mafia kill Falcone and Borsellino</td>
</tr>
<tr>
<td>1993–1997</td>
<td>Federal prosecutors cripple Cosa Nostra leadership; new ethnic organized crime groups move into power</td>
</tr>
<tr>
<td>2000</td>
<td>Remnants of Mafia survive in New York, Chicago, Philadelphia</td>
</tr>
<tr>
<td>2001–2006</td>
<td>New mobs become dominant</td>
</tr>
<tr>
<td></td>
<td>Largest Mob roundup in U.S. history</td>
</tr>
</tbody>
</table>

**Crime File 13.6  ■ The Evolution of Transnational Organized Crime**

Many people are familiar with traditional forms of organized crime, thanks to films like *The Godfather* and *Goodfellas*. In 1968, the Omnibus Crime Control and Safe Streets Act defined organized crime as “the unlawful activities of the members of a highly organized, disciplined association engaged in supplying illegal goods and services, including but not limited to gambling, prostitution, loan sharking, narcotics, labor racketeering, and other unlawful activities of members of such organizations.” Organized crime was primarily a domestic concern, comprised of groups that rarely looked beyond their own city for profits and power.
Starting in the 1970s, but accelerating in the early 1990s, a new form of organized crime took hold. The combination of a new geopolitical climate, a globalized world economy and resulting softer borders, and a revolution in information technology available to crime groups hastened a shift. Crime groups changed from domestic organized crime groups that were regional in scope and hierarchically structured to criminal organizations that are global and transnational in nature, increasingly networked with other criminal groups, and often flatter in structure. The U.S. Department of Justice defines transnational organized crime in part as “self-perpetuating associations of individuals that operate internationally for the purpose of obtaining power, influence, monetary, and/or commercial gains, wholly or in part by illegal means, while protecting their activities through a pattern of corruption and/or violence, or while protecting their illegal activities through an international organizational structure and the exploitation of international commerce or communication mechanisms.”

In short, organized crime is no longer only a domestic concern—it is an international problem. Today, crime groups manifest themselves in multiple countries simultaneously in order to leverage global criminal and licit markets. The ‘Ndrangheta is an excellent example of this evolution. The original ‘Ndrangheta clans arose in Calabria (the region that makes up the toe of Italy’s boot) in the late 1800s. Until the 1970s, the ‘Ndrangheta rarely operated outside Calabria. Yet by the 1990s, the ‘Ndrangheta was looking to global criminal markets for new opportunities. For example, the ‘Ndrangheta began to enter into contracts with Colombian drug trafficking organizations in the 1990s, importing cocaine for a growing European market. Currently, the ‘Ndrangheta has a significant presence in more than a dozen countries, ranging as far as Australia and Canada.

NIJ's Transnational Organized Crime Research Portfolio

The National Institute of Justice's portfolio of research on transnational organized crime (TOC) dates back to 1998. Since then, NIJ has funded 25 projects in four focus areas: the measurement and assessment of TOC, risk assessment and its use in targeting counter-TOC programs, the deconstruction of TOC groups and their illicit operations, and the prevention of TOC. The portfolio has produced vital information for practitioners and stakeholders in this field, including:

- A 2003 survey of state and local law enforcement officials that pinpointed perceptions of the threat from TOC and the most significant challenges for addressing TOC at the local level.
- A 2003 project that developed a TOC risk assessment tool that law enforcement officials can employ to improve their targeting of TOC.
- A 2004 survey of practitioners in six Asian countries that found, among other things, that TOC groups in these countries were highly specialized and only collaborated when smuggling goods or people through or outside the region.
- A 2005 study that detailed the links between TOC and terrorism and included an indicators and warning model that law enforcement practitioners can use to identify future linkages.
- Numerous studies of TOC's links to intellectual property theft and the smuggling of natural resources, which developed more accurate estimates of the size and scope of these forms of TOC.

In 2010, NIJ funded two projects in this area—one at the University of California–Los Angeles, and the other at Michigan State University. The University of California project will employ an innovative methodology to estimate the size of an illicit market and to pinpoint the social networks that allow the market to function, a necessary step toward improving law enforcement targeting of TOC groups and those that facilitate them. The Michigan State project will detail the organization and operations of online credit card fraud with the goal of improving the field's understanding of how TOC groups are exploiting cybercrime. In 2010, NIJ also sponsored an evaluation of how foreign countries use unexplained wealth orders as a tool against TOC with an eye toward how the U.S. might employ this tool in the future.

Up until 1920, most organized crime was confined to relatively small, local mobs whose operations were not particularly sophisticated. Most were controlled by Irish and Jewish gangsters, although a number began to include as “muscle” a growing number of hoodlums of Italian and Sicilian descent. Prohibition was an absolute bonanza for organized crime, the one factor that made it possible for fledgling gangs to become financially successful syndicates. Frank Costello was one of the first Italian American gangsters to make it big.

George Wolf (1975, pp. 27–29), Costello’s lawyer and advisor, described the Prohibition period before 1924 as one in which bootleggers such as Costello organized a virtual naval flotilla with which to smuggle liquor into the United States. The few Coast Guard boats were unable to compete with the much faster skiffs, which raced their contraband from freighters anchored beyond the 3-mile U.S. territorial limit. When the Coast Guard interdicted supplies, newspapers and the public berated them as “pirates.” An $8 case of Scotch from
the British Isles was sold for $65 on the freighters; $120 at dockside; and, once doctored with 3 times as much grain alcohol and water, brought around $400. Since many ships carried 20,000 cases, Costello’s wealth eclipsed that of his former mentor, Arnold Rothstein. “And along with his ships and yachts Frank introduced a new element into bootlegging, one that was to bring gasps of surprise in the courtroom in 1926: seaplanes for air coverage . . . the air wing of Frank’s defense department” (p. 29).

Costello, who lived in the Waldorf Astoria in Manhattan, would dine daily with city bigwigs and had so compromised and corrupted city officials that he claimed to possess an authentic, handwritten resignation letter penned by then-Mayor William O’Dwyer, a document that could be turned in any time the later-discredited mayor did not keep his end of the bargain. Naval and air operations by organized crime in the twenties bear an uncanny resemblance to the Colombia runs in Florida that were begun in the late seventies by drug smugglers in what has been called “the Colombian Connection,” “the Cocaine Cowboys” (1980), and “Air Ganja” (Plate, 1975, p. 119).

It was Chicago in the twenties, the person of Al “Scarface” Capone, and operations like the St. Valentine’s Day Massacre that caused a stereotyped picture of the Mob to be drawn in the public media. Meanwhile, in New York, two old moustache Petes or “greasers” (names given to old-time, Italian-born Mafiosi) were involved in a power struggle. The lineup of contending factions reads like a Who’s Who of figures who would dominate LCN for decades to come. Initially aligned with the Joe “The Boss” Masseria faction were Luciano, Genovese, Adonis, Anastasia, Costello, Gambino, and—through Masseria’s financial assistance—Capone. The rival faction, Castellammarese (named after the hometown of most of the members, Castellammare del Golfo, Sicily), was headed by Salvatore Maranzano and included Bonanno, Profaci, Lucchese, Magliocco, Gagliano, and Magaddino. Although the Castellammarese Wars were far from the bloodbath erroneously described by chroniclers (A. A. Block, 1978), they were important in that the aftermath gave birth to the modern syndicate. Basically, Luciano, Genovese, and others double-crossed Masseria and had him killed.

The victor, Maranzano, often described as “the father of the modern LCN syndicate,” was a big fan of Julius Caesar and supposedly modeled his organizational structure after the Roman legions. Unfortunately, Maranzano himself was a victim of overweening ambition, picturing himself as “capo di tutti capi” (boss of all bosses). Six months after taking power, he also was killed, by Meyer Lansky and “Bugsy” Siegel, who had been hired by Luciano, Genovese, and company.

**The Luciano Period**

Charles “Lucky” Luciano took power over the new organization, one that would have a continual alliance (sometimes called the confederation) with other ethnic gangs but which itself would remain exclusively Italian. Avoiding the top-boss role, Luciano supported the autonomy of bosses with a commission for settling disputes. This alliance was apparently further consolidated in the thirties, and a special “hit squad,” Murder, Inc., was set up by Louis “Lepke” Buchalter; this group’s existence would later be revealed by informant Abe “Kid Twist” Reles. Murder Incorporated’s first victim, in 1935, was “Dutch” Schultz, who had unwisely been advertising his plan to kill district attorney Thomas Dewey. The Mob’s kneeling of a popular district attorney would have brought the wrath of the nation and law enforcement upon the Mob. In 1934, Vito Genovese fled the country in order to escape a murder charge, and in 1937 Luciano himself was sentenced to a 30- to 50-year term for his prostitution business (so much for insulation from prosecution). It was during this period that Frank Costello acted as boss for the imprisoned Luciano. With the repeal of Prohibition, bookmaking and the numbers racket were now the chief operations.
In 1946, in part for cooperation in “Operation Underworld,” a program in which the U.S. Navy had enlisted the help of mobsters to prevent sabotage on the docks during World War II (Gage, 1974; Gosch & Hammer, 1974), Luciano was paroled into permanent exile and, although Costello was still acting boss, the Genovese era was about to begin.

The Genovese Period

In a curious series of events, Vito Genovese, who had voluntarily exiled himself in 1934 in order to escape a murder indictment, was not only decorated with Italy’s highest citizen award by Mussolini during World War II, but was also involved in other intrigue. In 1943, he hired Carmine Galante to murder the U.S. editor of an Italian-language newspaper that was critical of Mussolini. Picked up for black-marketing stolen Allied supplies and extradited to the United States for the 1934 murder charge, he was miraculously a free man after the chief corroborative witness against him was poisoned in a Brooklyn jail.

The postwar period found the Mob moving into casino building in Las Vegas and also the subject of the live, televised Kefauver Hearings. Only the later Watergate hearings would so captivate the public imagination. After testifying before the Kefauver Committee, Frank Costello was a marked man and, barely escaping an assassination attempt, decided to retire. Behind this attempt and other murders (for example, the well-publicized murder by Joey Gallo of Albert Anastasia in the Park Sheraton barbershop in Manhattan) was Genovese, who was now consolidating his power—power that would elude him in what was to have been the “coronation,” a Mob convention planned for Chicago 3 weeks later.

The Apalachin Meetings

Although a major Mob meeting was planned for Chicago, Steve Magaddino (the Buffalo boss), whose ill health prevented long travel, offered the Apalachin, New York, estate of one of his members for the meeting site. Besides the recognition of Genovese as top boss and assurances of peace to Costello, the “Apalachin Meeting” agenda included confirmation of the Mob’s antidrug policy and the need for new memberships (Bonanno, 1983; Talese, 1971, p. 213). The last was a sore point because, due to the lack of new blood, the vitality of the syndicate was in peril. Suspicions regarding informers and the lack of discipline among American-born recruits led some families to recruit “greenies” from Sicily’s latifondi or farming areas (Reid, 1970, p. 72).

Before the session ended, there was a police raid, during which many were temporarily held so that their names could be obtained. This spoiled the anonymity the syndicate valued. Even more catastrophic than the Kefauver Hearings, this evidence of the existence of some type of coordinated, national syndicate was now hard to deny (Bonanno, 1983). In 1958, an informant, Nelson Cantellops, assisted in convicting 24 people, including Genovese, Galante, and Joseph Valachi. Having received “the kiss of death” from Genovese in prison (Vito was sure Valachi was a government informant), and feeling that he was marked for execution, Valachi murdered by mistake a fellow prisoner. To save his own skin, he became the first public “made member” informant from the ranks of organized crime and the star witness at the McClellan Commission Hearings.

The Gambino Period

From the mid-sixties and into the nineties, the IAS, rather than operating as an IBM-type corporation as described in the section on Cosa Nostra theory, resembled instead the “patron model.” The Gallo–Profaci Wars, the attempted Colombo assassination, the “Banana Split,” and the Gallo–Colombo Wars (Diapoulos & Linakis, 1976; Talese, 1971) suggested continuing internal strife. Perhaps a small, coup-plagued, unstable
Latin American country would be a better model than a large corporation in describing the IAS. While Carlo Gambino was consolidating his power during this period, a commentary on the 1969 truce in the Banana War (a rift in the Joseph Bonanno family) may have best described the dilemma faced by the IAS: “What the Mafia needed in New York in 1969 was a health clinic, not a gang war” (D. Maclean, 1974, pp. 341–342). Most of the leaders were dying or sick. Many were in their seventies, and their mid-level executives, due to membership moratoriums, were not much younger. Gambino controlled four of the five New York mobs with only the Bonanno family not in the fold. Although forced into exile in Arizona by the Cosa Nostra Commission, Bonanno still controlled his New York organization through various loyalists. In 1974, his longtime underboss Carmine “the Cigar” Galante was released from a 12-year stretch in federal penitentiaries. Galante announced his return by blasting off the bronze doors on Frank Costello’s mausoleum (Costello had died the year before, of a heart attack); warring against blacks and Latinos for the control of narcotics in the South Bronx and Harlem; and finally, according to unnamed Mob sources, arranging for the death of Gambino himself by persuading the elderly, coronary-prone man to get a swine flu shot (“After the Don,” 1976).

With the death of Gambino in 1976, speculation was rife as to who was likely to emerge as the most influential boss. In 1984, boss Paul Castellano of the Gambino family and two of his top lieutenants were indicted for extortion, a pattern of racketeering, and conspiracies to commit murder. Castellano had emerged as the most powerful of the dons and appeared to be in a position to claim the “national crown” when he was gunned down outside a Manhattan restaurant on December 16, 1985. Some members were apparently disenchanted with his leadership, criticizing his favoring and rewarding members who had not “made their bones” (killed others) (R. J. Kelly, 1990, p. 18). The FBI believes that the person responsible for this assassination was an ambitious younger man, John Gotti, who then seized control of the Gambino family.

**The Commission Trials**

Undoubtedly, the biggest blow ever dealt to the IAS was a series of prosecutions of organized crime figures by the federal government from 1983 to 1987. Indictments in 1985 alone reached almost 5,000, among which were the alleged leaders of 16 of the 24 Mafia families. Albanese (1989, p. 3), in recounting the impact of the trials, pointed out that the existence of both a Mafia and a Commission (with representatives from the major Mafia families) was admitted.

The outcome of the trials crippled the aging upper echelons of the Mafia families. The bosses of the Colombo, Genovese, and Lucchese organized crime families were convicted of being members of “the Commission” established by Luciano in 1931, which settled underworld disputes and authorized gangland killings (Doyle, 1987). The only major survivor of the “Commission Trials” was John Gotti, who emerged as the most powerful boss of an organization that had now been weakened by criminal justice and media attention, creating a vacuum to be filled by rival ethnic gangs (Mustain & Capeci, 1988). In referring to Gotti’s emergence to head a decimated Mafia, one magazine article was titled “The Last Godfather?” (McKillop, 1989).

Gotti was a “media darling” reminiscent of a Costello or Capone (Capeci, 2003). Gotti, dapper but ruthless, operated out of his headquarters in Queens, the Bergen Hunt and Fish Club. He was called the “Teflon don” because of his ability to escape conviction. Finally convicted in 1992, Gotti was dubbed by the press the “Velcro don.” He was convicted, in part, on the basis of the testimony of his former underboss, Sam “Sammy the Bull” Gravano. The American Mafia at the end of the twentieth century represented a dwindling empire with some remaining strongholds, such as New York and the Chicago suburbs. The death of the American Mafia was clear in the late 1990s when the bosses of organized crime families became informants to the federal government. Angelo Lonardo (Cleveland) and Ralph Natale (Philadelphia) both broke the code of omerta and cooperated with government investigations.

Some of the Mafia’s competition has included the 6,000-member Herrera family from Mexico, triple the size of the Mafia and developing ties with Colombian groups, particularly in Chicago. Kleinknecht in *The New Ethnic Mobs* (1996) claims that the most important new organized crime gangs are the Chinese, who concentrate on gambling, extortion, alien smuggling, credit card fraud, drug smuggling, and loan sharking. The newer Russian mobs are into white-collar and financial crime, confidence games, and black market activities. The Arab mob (Christian Iraqis known as Chaldeans) commit grocery coupon fraud. Vietnamese groups in Silicon Valley, California, have staged armed robberies of high-tech firms (Sanoff, 1996). The new “Mafia” is more likely to be multiethnic and global. The U.S. drug czar in the Clinton administration, Barry McCaffrey, indicated that he believed the Russians and Nigerians operated the most threatening criminal organizations based in the United States (Farah, 1997). The Russian crime groups offer other drug syndicates...
weaponry previously beyond their reach and have increasingly moved into drug trafficking and money laundering. Nigerian groups have been primarily involved in confidence games and fraud. Outlaw motorcycle gangs, Colombian cocaine crime families, black criminal gangs, and Asian gangs are among the many new mobs contending for this vacated territory.

Black organized crime groups are not examples of emerging groups; they have existed for decades (Abadinsky, 2006; Messick, 1979; Pennsylvania Crime Commission, 1986; Schatzberg & Kelly, 1995). Some of the better-known organizations were those run by Frank Matthews, Charles Lucas, Leroy Barnes, and Jeff Fort (El Rukns), but a variety of other groups are involved in such things as drug trafficking, the numbers racket, extortion, and murder. In Philadelphia in the nineties, a tightly knit criminal organization calling itself “the Family” specialized in drug distribution and murder, as did “the Junior Black Mafia” (Griffin, 2003; Pennsylvania Crime Commission, 1991).

As mentioned earlier, organized crime remains a “queer ladder of mobility” (Bell, 1953) for black mobs in Philadelphia and New York, Colombian and Cuban mobs in Florida, and Chinese and Chicano mobs on the West Coast. Although many of these mobs are not fully developed and structured syndicates as in the organized crime model, they certainly represent an evolving force to be reckoned with.

“The Pizza Connection”

In late 1985 to early 1986, a total of 22 defendants went to trial in New York City on charges that they ran a $1.7 billion drug trafficking organization in the United States, using pizza restaurants as fronts (thus it came to be known as the Pizza Connection). This group was a “Sicilian mafia,” supposedly separate from and with few links to the existing “American Mafia,” according to Tommaso Buscetta, who revealed the group’s operations to U.S. authorities (Reuter, 1984a). Federal authorities did, however, find some links with “American Mafia” groups as well as cooperation in money laundering by Swiss and Italian banks and by U.S. brokerage firms E. F. Hutton and Merrill Lynch. Sicilian immigrants, called “zips” because of their rapid speech, staffed these pizza parlors (Alexander, 1988; D. Blumenthal, 1988; Potter, 1989).

The Sicilian Mafia

Journalist Claire Sterling, in her book Octopus: The Long Reach of the International Sicilian Mafia (1990), mixes fact with a little fiction to describe the cross-national reach of the post–World War II Italian Mafia. With the closing of the Corsican “French Connection” in the seventies, organized crime figures in Sicily began to supply large amounts of heroin to the United States and in the early eighties began a “civil war” over control of this lucrative trade. Their violence spilled over into the murder of the head of the Italian anti-Mob squad, General Carlo Chiesa, and his pregnant wife, as well as the murder of Judge Caesar Terranova. This enraged the Sicilian public, the church, and public officials, and spelled the doom of Sicilian Mafia groups. In February 1986, over 456 members and associates of organized crime groups were put on trial in Sicily, including Michele “the Pope” Greco, held by some to be the “boss of bosses.” What later became known as “the Great Mafia Trial” took place in a specially constructed courtroom guarded by 200 crack troops and ended in December 1987 with 338, including Greco, convicted. The key witness in the trial was a former boss, Tommaso Buscetta, who also testified in the Pizza Connection trials in the United States (Gage, 1988, pp. 36–37).

By 1988, only 112 of those convicted were still in jail, and in April 1991, a total of 28 Sicilian Mafia leaders including Greco were released on a technicality. In March 1992, the Mafia killed a politician in the Christian Democratic Party in Palermo, Salvatore Lima, and in May 1992 assassinated Judge Giovanni Falcone, his wife, and three bodyguards. Falcone was to have enforced stronger anti-Mafia laws. In July 1992, the Mafia killed his successor, Judge Paolo Borsellino (Stille & Robinson, 1992). While the Mafia was sending a message, the Italian government responded by sending the Italian army to Sicily and proposing very strong, perhaps draconian, laws with which to attack the criminal organization (Cowell, 1992).

In 2011, “the largest mob roundup in history” took place with nearly 130 people being arrested, including 34 made members of New York’s five Mafia families (Rashbaum, 2011b; see Crime File 13.7). Also arrested were members of the DeCavalcante family in New Jersey and the New England Cosa Nostra. Mob informant Salvatore Vitale helped put away Joseph Massino, Bonanno boss; Vincent Basciano, Bonanno acting boss; Anthony Urso, Bonanno acting boss; Michael Mancuso, Bonanno acting boss; and Alphonse Persico, Colombo acting boss. Boss Michael Massino became the first boss of one of the New York City families to testify for the government (Rushbaum, 2011a).
2/7/2008

On Thursday, the FBI joined with local, state, and federal partners in announcing a major crackdown on the Mafia in New York, including the indictment of the leadership of the Gambino organized crime family, one of the five major syndicates in the Big Apple.

In all, more than five dozen were indicted across three organized crime families and the construction industry and its supporting unions. A total of 57 were arrested. The charges spanned some three decades and involve murder, drug trafficking, money laundering, and extortion.

“For those of us who grew up in ‘The Godfather’ generation and now live in the era of ‘The Sopranos,’ today’s case demonstrates once again that organized crime is not fiction,” said FBI Deputy Director John Pistole at the press conference. “It is alive and real, and there is nothing romantic or glamorous about it.”

Once ruled by the powerful Carlo Gambino and “Dapper Don” John Gotti, the Gambino family has been reduced to a shadow of its former criminal self over the years by the FBI and its partners, both nationally and internationally. But it is far from dead, continuing its efforts to infiltrate such industries as trucking and construction.

Still, the investigations and ensuing indictment represent another crippling blow. A total of 25 alleged Gambino mobsters—including each active leader of the family not already in jail—were indicted, as follows:

- Acting boss John D’Amico;
- Acting underboss Domenico Cefalu;
- Consigliere (or counselor) Joseph Corozzo;
- Three family captains and three acting captains; and
- Sixteen soldiers.

The broad-ranging indictment—which also charged mobsters associated with the Genovese and Bonanno organized crime families—was the result of two primary investigative efforts:

- A long-term operation looking at the Gambino’s longstanding efforts to control construction companies and contracts, including projects involving a NASCAR construction site on Staten Island and the Liberty View Harbor site in New Jersey.
- A lengthy investigation of the brazen violence used by the Gambino family, leading to the indictment of four of its members for eight murders or murder conspiracies dating as far back as 1976. Of the seven who were killed by these four mobsters, three were not part of organized crime.

The beat goes on. “As the FBI approaches its 100-year anniversary, we remember that our very beginnings were rooted in fighting gangsterism,” said Deputy Director Pistole. “We face other daunting challenges today, but our commitment to battling organized crime has never wavered.”

Nor has our dedication to working closely with our many partners, including the Italian National Police, which attended the press conference and announced unrelated arrests of the Sicilian Mafia overseas.

01/20/11

Early this morning, FBI agents and partner law enforcement officers began arresting nearly 130 members of the Mafia in New York City and other East Coast cities charged in the largest nationally coordinated organized crime takedown in the Bureau’s history.

Members of New York’s infamous Five Families—the Bonanno, Colombo, Gambino, Genovese, and Luchese crime organizations—were rounded up along with members of the New Jersey-based DeCavalcante family and New England Mafia to face charges including murder, drug trafficking, arson, loan sharking, illegal gambling, witness tampering, labor racketeering, and extortion. In one case involving the International Longshoremen’s Association (ILA) at the Ports of New York and New Jersey, the alleged extortion has been going on for years.
More than 30 of the subjects indicted were “made” members of the Mafia (see graphic), including several high-ranking family members. The arrests, predominantly in New York, are expected to seriously disrupt some of the crime families’ operations.

“The notion that today’s mob families are more genteel and less violent than in the past is put to lie by the charges contained in the indictments unsealed today,” said Janice Fedarcyk, assistant director in charge of our New York Field Office. “Even more of a myth is the notion that the mob is a thing of the past; that La Cosa Nostra is a shadow of its former self.”

The Mafia—also known as La Cosa Nostra (LCN)—may have taken on a diminished criminal role in some areas of the country, but in New York, the Five Families are still “extremely strong and viable,” said Dave Shafer, an assistant special agent in charge who supervises FBI organized crime investigations in New York.

Today’s operation began before dawn. Some 500 FBI personnel—along with about 200 local, state, and other federal law enforcement officers—took part, including key agencies such as the New York Police Department and the Department of Labor Office of Inspector General. By 11 a.m., more than 110 of the 127 subjects charged had been taken into custody.

The idea for a nationally coordinated LCN takedown originated at the Department of Justice last summer, said Shafer, a veteran organized crime investigator. “We have done big LCN takedowns before, but never one this big.”

Among those charged:

- Luigi Manocchio, 83, the former boss of the New England LCN;
- Andrew Russo, 76, street boss of the Colombo family;
- Benjamin Castellazzo, 73, acting underboss of the Colombo family;
- Richard Fusco, 74, consigliere of the Colombo family;
- Joseph Corozzo, 69, consigliere of the Gambino family; and
- Bartolomeo Vernace, 61, a member of the Gambino family administration.

The LCN operates in many U.S. cities and routinely engages in threats and violence to extort victims, eliminate rivals, and obstruct justice. In the union case involving the ILA, court documents allege that the Genovese family has engaged in a multi-decade conspiracy to influence and control the unions and businesses on the New York-area piers.

(Continued)
Crime Careers of Organized Criminals

Similar to professional crime, but unlike most other types, organized criminal activity is an example of career crime, in which crime is pursued as a livelihood. Organized criminals exhibit varying degrees of the following characteristics, with those who are members of established syndicates expressing these qualities to a greater degree: They identify with crime and criminal activity, possess strong organizational identity, and tend to belong to structured groups that maintain continuance of operation.

Based on our previous description of organized crime, such criminals tend to be bred in low-income, high-crime areas of large central cities, where illegitimate opportunity structures appear more available than legitimate ones. Most begin as conventional criminals, but, rather than retiring from crime as most do in their early twenties, they continue to progress in criminality and in association with organized criminals (Clinard & Quinney, 1973, p. 229).

To varying degrees, organized criminal groups subscribe to a code of secrecy, whether it be the “cosa de hombre” (code of manliness) of the “Nuestra Cosa” (Mexican Mafia), rules of conduct of gangs such as Hell’s Angels and the Pagans, or the prototype code of “omerta” described by people like Valachi. Omerta is a Cosa Nostra code of intense loyalty, honor, secrecy, obedience, and “manly” silence—a code that renders loyalty to the organization above loyalty to country, God, or family and whose violation means death.

Secrecy, discipline, corruption, planned violence, and public demand for illicit goods in either compromised or inept political climates provide a continuing good occupational outlook for the next generation of Valachis, whatever their ethnicity. The continuing public demand for illicit goods and services and corrupt relationships with government officials may be more important factors in the persistence of organized groups than the imperviousness of their organizations.

Public and Legal Reaction

In Chapter 14, we will explore the issue of drug abuse from the standpoint of users, but our concern in this chapter has been drug trafficking in which international drug “kingpins” are the new Al Capones and Meyer Lanskys. In the late eighties, the United States began to go after major drug kingpins. In May 1988, Carlos Lehder Rivas, who had been extradited from Colombia, was convicted of being responsible for up to 80 percent of the cocaine smuggled into the United States. In 1989, leaders of Colombia’s Medellin cartel were indicted on charges of cocaine trafficking and the slaying of the Colombian justice minister as well as of a U.S. drug informant (“U.S. Indicts Colombian Drug Cartel,” 1989). Attempts to put pressure on the “Underground Empire” of drug launderers and officials were illustrated by the U.S. military capture and imprisonment of Panamanian strongman Manuel Noriega.

Drug Control Strategies

Some drug control strategies or options include legalization, use of diplomacy, interdiction, targeting traffickers, coordination of rival departments, and prevention (M. Moore, 1988; Morganthau & Miller, 1988).
Legalization is viewed by authorities and lawmakers as a last resort, an unnecessary risk, and a questionable moral decision. It would appear to be unwise to overreact to a crack epidemic by legalizing drugs as it might create more demand for drugs at a time when overall drug use is declining. The use of diplomacy or economic and political pressure to halt the drug war being waged against the United States by Colombia, Bolivia, Peru, and Mexico in particular is a supply-side strategy that is not without risk. “Anti-Yanqui” feelings may be fueled, and many countries are dependent on drug money. Interdiction involves stopping the transport and smuggling of drugs into the United States. With many ports of entry and endless borders, some deterrence is possible, but complete interdiction is impossible.

Targeting major traffickers, such as the Medellin cartel in the nineties, while enhancing street-level enforcement to totally disrupt street traffic in drugs (Hayeslip, 1989) has possibilities. Departmental coordination and elimination of rivalry were claimed to be aided by the creation of a federal “drug czar” in 1989 to oversee and coordinate agencies involved in the drug war. Finally, a “demand-side” strategy of prevention offers the ultimate hope. Education and rehabilitation programs as well as policy experiments to discover programs that work are greatly needed.

Investigative Procedures

Law enforcement in the eighties and nineties finally became as organized as organized crime and began to effectively apply a variety of investigative procedures including financial analysis, electronic surveillance, use of informants and undercover agents, citizens’ commissions (Albanese, 2001, 2004), and computer assistance. Financial analysis involves following paper trails (records of transaction) in order to see if expenditures match earnings. Classic Internal Revenue Service procedures in enforcing tax codes such as analyzing net worth, expenditures, and bank deposits are utilized.

Electronic surveillance (the use of “bugs” and wiretapping in covert eavesdropping) is viewed by many authorities as one of the most effective weapons against organized crime. The use of 150 audio- and videotapes at the “Commission Trials” was very successful. The use of informants (insiders who provide information) as well as undercover agents has also been indispensable. Informants such as Jackie Presser (former Teamster president), Angelo Lonardo (former Cleveland don), and Tommaso Buscetta (Sicilian Mafia don) have been devastating to the syndicate. Citizens’ commissions such as the Chicago Crime Commission are essential in providing an independent watchdog function in examining organized criminal activity (Albanese, 1989, p. 116).

Finally, computer-assisted investigation has great potential for unraveling complicated transactions and network interrelationships. The FBI uses a sophisticated computer database, the Organized Crime Information System, and is experimenting with artificial intelligence using a supercomputer called Big Floyd.

Laws and Organized Crime

Some specific laws that have been used against organized crime include special laws such as the Hobbs Act; features of the Organized Crime Control Act of 1970, especially RICO; and the Bank Secrecy Act (1970); as well as assets forfeiture (seizure).

Hobbs Act

One effective piece of legislation on the books since the mid-forties is the Hobbs Act, an anti-racketeering law that can be interpreted to mean that any interference with interstate commerce to any degree whatsoever is in violation of the act. This statute has been applied, for example, against politicians in Newark, New Jersey, in accepting kickbacks from contractors who had obtained supplies from out of state.

Organized Crime Control Act

The single most effective piece of federal legislation ever passed in the United States to fight organized crime activity is the controversial Organized Crime Control Act of 1970, a principal feature of which is the RICO statute. RICO prohibits proceeds from a pattern of racketeering activity from being used in acquiring legitimate businesses that are involved in interstate commerce. Generally, a “pattern of racketeering” involves participation in any two specified crimes, such as murder and extortion, within a 10-year period.
Some of the principal features of the act are the creation of special grand juries to investigate organized criminal activity, and the provision of general immunity for witnesses appearing before the grand jury, in which the protection against self-incrimination is abrogated in return for protection against the use of such compelled information in a criminal proceeding. It provides for the incarceration of witnesses who refuse to testify (recalcitrant witnesses), authorizes a conviction based on irreconcilably inconsistent declarations under oath (perjury), and provides for protected facilities for housing government witnesses and their families. It also authorizes the government to preserve testimony by the use of a deposition (testimony given under oath but outside the courtroom) in a criminal proceeding (a right that previously existed only for the defendant), and prohibits any challenge to the admissibility of evidence based on its being the fruit of an unlawful government act (if such act occurred 5 years or more before the event sought to be proved). The act makes it unlawful to engage in the “illegal gambling business” itself and contains the RICO statute.

The Bank Secrecy Act (1970) is directed at controlling money laundering. It includes features requiring banks to report transactions over $10,000 or file a report if $10,000 or more leaves or enters the country, and citizens to report foreign bank accounts on tax returns (Abadinsky, 1994, p. 430). Assets seizure (forfeiture) has emerged as one of the most powerful tools to break the back of criminal enterprises—“kick them in the assets,” so to speak. Imprisonment and fines have been found inadequate in deterring capital organizations, while seizure of assets curtails the financial ability of such groups to continue criminal operations (Bureau of Justice Statistics, 1988, p. 93). Assets may include money, property, businesses, cars, boats, or any item that may have been involved in or is the product of a criminal enterprise (J. E. Jacoby, Gramckow, & Rutledge, 1992; Lombardo, 1990). Forfeiture, the ancient legal practice of government seizure of property used in criminal activity, has proven to be a particularly useful weapon against illicit narcotics trafficking (Stellwagen, 1985, p. 1).

The RICO Statute

The RICO statute, as mentioned earlier, authorizes the federal government to seize legitimate operations if they have been purchased with illegally gained funds (laundering) or if they are used for criminal purposes. In addition, defendants can be subject to up to 20 years’ imprisonment. The law permits prosecutors greater latitude in presenting to the jury a broader picture of patterns of racketeering; this enables them to trace the pattern back to formerly insulated bosses. Because of the broad sweep of the law, lawyers and others are fearful of the application of the law to non-syndicate crime, such as crimes by legitimate business.

RICO charges offer a unique advantage in targeting an entire enterprise, and civil RICO laws can be used to seize cash and assets. Application of RICO charges to white-collar violations, such as insider trading by brokerage firm Drexel Burnham Lambert, raises controversy. Civil RICO permits victims of fraud to bring private civil suits, whether or not the Justice Department files charges (“RICO: An Assault,” 1989). Threatened companies, it is claimed, are forced to settle or be branded racketeers. While some critics see it as a “statute run amok” (Boucher, 1989), others see it as a powerful tool to control white-collar crime in addition to organized crime (Waldman & Gilbert, 1989; see also Safire, 1989). Cecil Greek (1990) indicates, “RICO represents a major expansion of the federalization of crime and which for now appears to be quite acceptable, despite those protesting its widespread use, to both the courts and a large segment of the American public as well” (p. 1).

Until 1981, many features of RICO had lain dormant. In a case against IAS boss Frank Tieri, the government alleged that Mafia families themselves constituted illegal enterprises. Los Angeles mobsters were also convicted of racketeering and conspiracy charges (Mitchell, 1981).

The civil provisions of RICO permit U.S. attorneys and private citizens to sue for treble damages and the cost of the suit if it can be demonstrated that the plaintiff or his or her business/property was injured as a result of a pattern of racketeering. A Continuing Criminal Enterprise statute is similar to RICO, but targets only illegal drug activity. The statute considers it a crime to commit or conspire to commit a series of felony violations of the 1970 Drug Abuse Prevention and Control Act in concert with five or more other persons (K. Carlson & Finn, 1993). By the mid-nineties, the growth in violent street crime perpetrated by gangs finally received serious federal attention. Federal agencies such as the FBI, DEA, and ATF (Bureau of Alcohol, Tobacco and Firearms) began to team up with local police to target such groups. RICO charges, for instance, were successfully employed against Chicago’s Latin Kings, Atlantic City’s Abdullahs gang, and Shreveport’s Bottoms Boys.
Organized crime as a subfield of criminology has developed a number of theories of its own. Most of these relate to the nature, definitions, and characteristics of organized crime. Readers of this chapter have a clear notion by now that not all organized crime is the Mafia. Organized crime exists internationally where groups use violence or threats of violence in order to profit from supplying illicit goods that are demanded by the public. They also enjoy immunity of operation through intimidation and corruption.

While the ethnicity of the groups involved in organized crime changes, it has represented a "queer ladder of mobility" for various groups. Anomie theory explains that in the pursuit of the American Dream of financial success, various groups have found themselves at a critical disadvantage and find that legitimate means to success are blocked. Innovators substitute other means (crime) as a ladder to success. According to Cloward and Ohlin's differential opportunity theory, some groups find themselves in neighborhoods where legitimate avenues of upward mobility are blocked; however, illegitimate means may abound. Such mob neighborhoods spawn the next generation of wiseguys. In such subcultures, organized crime is viewed as a good opportunity for being admired and successful. Criminal subcultures may exist that socialize the individual into valuing criminal values and attitudes.

Theoretically, the traditional model of organized crime has been a picture of a group (often ethnic in nature) that stands apart from the larger society of which it is part. In fact, the political world of this larger society can be partners with organized criminals. This explains the deep entrenchment of organized crime as a route to illegal fame and fortune. The theory of ethnic succession in organized crime characterized this as a situation where organized crime acts as a queer ladder of upward mobility.

Summary

The subject of much public interest, organized crime has been defined in a variety of ways. In the United States, most federal agency and state statutes use generic definitions, which indicate that organized crime is any criminal activity involving two or more individuals. Utilizing a similar generic (broad or general) definition, Albini identifies four types of organized crime: political-social, mercenary (predatory), in-group, and syndicate. With the exception of the last type, syndicate crime, all of the former refer to other types of criminal activity, such as political, conventional, and professional criminal behavior.

The field of criminology defines organized crime (henceforth synonymous with syndicate crime) as a continuing group or organization

1. That participates in illicit activity in any society by the use of force, intimidation, or threats;
2. That provides illicit services that are in strong public demand; and
3. That assures protection and immunity through corruption.

In this chapter, an organized crime model was proposed as a useful device for avoiding confusion in the process of deciding whether a group's activities represent an example of organized crime. Organized crime as a concept is not a matter of kind, but is rather a matter of degree—that is, to what extent this type of crime possesses the characteristics identified in our criminological definition of organized crime. Types of crime may be viewed as distributed along a continuum ranging from non-organized to organized (syndicate) crime, depending on the degree to which the group exhibits organization, the use or threat of violence, the provision of illicit goods in public demand, and the ability to obtain immunity through corruption and enforcement. Types of organized (syndicate) crime include traditional crime syndicates, nontraditional syndicates, semi-organized crime, local politically controlled organized crime, and national politically controlled organized crime.

In addition to definitional problems, another problem in the study of organized crime is the poor scientific nature of much of the literature, which forces the social scientist to rely on many journalistic and autobiographical accounts.

A variety of street gangs were described, and some were noted to be undergoing transition into ghetto-based drug trafficking organizations.
Internationally, organized crime thrives in two types of political environments: liberal democracies and corrupt dictatorships. Chinese Triad societies, highly ritualized Chinese secret organizations that are often involved in organized crime, were described.

*Mafia* is a term used to refer to various Russian organized crime groups, which have grown in power since the collapse of the former Soviet Union. Organized crime, although dominated since the thirties by the Italian American Syndicate (IAS), has participation from a variety of ethnic groups. According to the “theory of ethnic succession,” mobs have represented a “queer ladder of mobility” for a variety of minorities.

Money laundering involves making clean or washing “dirty money” (illegal funds). Such operations make use of unscrupulous banks that ask no questions in accepting large deposits of cash. Primary drug-smuggling routes—the Golden Triangle, the Golden Crescent, and Latin America—were discussed, as were the Colombian cartels and the Underground Empire.

Various theories regarding the origin of the term *Mafia* were traced, with the author agreeing with Albini that the most likely source is Rizzotto’s 1863 play, *I Mafiusi di la Vicaria* (The Heroes of the Penitentiary). Three theories of the nature of syndicate crime in the United States were discussed: (1) Cosa Nostra theory, (2) confederation theory, and (3) patron theory. While the first theory, which has been accepted by federal commissions and agencies, views organized crime as centrally controlled by a formally structured Italian American syndicate, confederation theory views it as controlled by a “combination” of ethnic groups, principally Jewish and Italian. The patron theory views organized crime as a set of shifting alliances, a “client–patron” relationship.

The “Mafia myth” is the belief that organized crime is the product of an alien conspiracy. More moderate expressions of this theme view the IAS as the most powerful of organized crime groups, but not the product of an alien conspiracy. Critics of the Mafia or Cosa Nostra (LCN, La Cosa Nostra) model argue that the terms and descriptions of these organizations are fictitious, the creations of federal law enforcement agencies. A more moderate view admits that many of their criticisms are legitimate, but still argues that the IAS exists, the vision being “skewed, not false.”

The classic pattern of organized crime involves a gradual evolutionary development from strategic and tactical crimes, to illegal businesses and activities, to infiltration of big business and government itself. Some typical operations of organized criminal groups are arson, assault, coercion, extortion, murder, blackmail, bribery, and corruption. Typical illegal businesses include gambling operations, loan sharkering, labor racketeering, and any number of other activities detailed in the chapter. Infiltration of legitimate businesses such as trucking, construction, and the hotel and restaurant industry provides cover for organized crime operations. Although it is hazardous to guess, estimated gross revenues and untaxed net profits appear to make organized crime wealthier than the nation’s largest industrial corporations.

Organized crime infiltration of legitimate business may be viewed on one hand as a natural “ethnic succession” of organized crime, and on the other hand as yet another setting for illegitimate operations. Involvement of organized crime at the highest levels of government is revealed by a “CIA–Mafia link” to an attempt to assassinate Fidel Castro.

A brief history of organized crime traced its origins back to colonial times. The New Orleans Grand Jury report of 1890 was the first official recognition of the existence of the Mafia in the United States. Other important events in the history of organized crime were traced, such as the Prohibition period, the Castellammarese Wars, the Luciano era, the Genovese era, the Kefauver and McClellan Commission hearings, the Apalachin meetings, the Gambino era, and other more recent developments in organized crime such as the Commission Trials, the Pizza Connection, and the Great Mafia Trial in Sicily.

Crime careers of organized criminals were briefly examined. Highlighted was their strong identification with criminal careers, their recruitment, and their relationship with the public. Finally, public and legal reaction to organized crime was discussed. While public reaction to organized crime in the past was characterized as a fascinated apathy and sporadic and unorganized legal reaction, recent events suggest major inroads in the war on organized crime. Application of laws such as the Hobbs Act and the Organized Crime Control Act (1970) represent potent tools. The RICO statutes and “sting” operations by federal agencies represent creative law enforcement efforts in this regard. However, these more aggressive law enforcement efforts have been criticized for threatening civil liberties and for covering up corporate criminality.
Apalachin Meeting
Assets Forfeiture
Castellammarese Wars
CIA–Mafia Link
Commission Trials
Continuum Model of Organized Crime
Ethnic Succession Theory
Hobbs Act
Iron Law of Opium Trade
Kefauver Committee
Loan Shark
Mafiya
Medellin Cartel
Moustache Petes
Numbers Game
Organized Crime Control Act
“Pizza Connection”
Racketeering
RICO
Triads
Yakuza

1. Discuss the various attempts to define organized crime. How does the “organized crime continuum” approach this issue?
2. What are some important sources of information on organized crime?
3. Discuss some features of Triads. Where do they operate, and what are their major activities?
4. Discuss the history and present status of Russian organized crime. What are its major criminal operations, and why is it regarded as such an enormous threat?
5. Why was Joe Valachi so important in the history of the American Mafia?
6. What is the RICO statute? How effective has it been in the war on organized crime?
7. What are some investigative procedures and legal weapons that have been used in the war on organized crime in the United States?

Asian Organized Crime
http://www.iaaci.com

Jerry Capeci’s Gang Land Web Page
http://www.mafiatoday.com/tag/jerry-capeci/

Los Mara Salvatrucha (MS-13)
http://www.msl3gang.com

Organized Crime Registry
http://orgcrime.tripod.com/organizedcrime.htm

Rick Porello’s AmericanMafia.com
http://www.americanMafia.com/index.html

United Nation’s Convention Against Transnational Organized Crime

Using this chapter’s recommended websites, explore the issue of organized crime.

1. What is Los Mara Salvatrucha 13 (MS-13)? What have been some law enforcement efforts against it?
2. Examine Rick Porello’s AmericanMafia.com. What is the meaning of the title of his book, To Kill the Irishman?
3. Peruse the GangRule.com Web page. What new developments have taken place in New York City since 2000?
4. What are the latest developments in the “Mexican Drug Wars”?
This is the bible on organized crime. It is particularly useful and interesting for its historical coverage of the Chicago and New York mobs.
This is one of the best-written books on the subject. It has excellent coverage of illegal activities as well as the investigation and prosecution of such activities.
This is a classic in the field. Albini uses a variety of sources to trace the legend, myths, and history of the American Mafia.
This controversial book by the chief counsel to the House Assassinations Committee concludes there was major involvement of organized crime in the assassination of President John Kennedy.
An examination of the deadly cartels in Mexico that threaten the future of North America.
This is a fresh approach to examining organized crime, presented in a very lucid, readable format for undergraduates.
Until its demise for political reasons by later jailed Attorney General Ernie Preate, who was a subject of its investigation, this organization consistently presented very readable investigations complete with photographs.
This autobiographical account of a New England Mafia associate provides an inside look at the world of organized crime.