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with the majority (79%) sentenced to less than five years, with the average sentence being 36.4 months (Calavita, Pontell, & Tillman, 1999, p. 164). The Golden Rule (“those with the gold make the rules”) may explain the differences in punishment between street and corporate criminals because great wealth does confer a certain degree of immunity from prosecution and/or conviction. This power may be gauged by the 1990 U.S. Justice Department’s withdrawal of its support for proposed tougher sentences for corporate offenders in response to heavy lobbying by many prominent industries, the targets of the proposal (Hagan, 1994). We doubt that street criminals would get very far lobbying against proposals for stricter penalties for them.

The cascade of corporate scandals and failures occurring between 2001 and 2003 may have finally awakened American law enforcement to the realities of the harm done by elite criminals. As a result of Congressional hearings and public outcry, Congress passed the **Sarbanes-Oxley Act (SOA)** of 2002. The SOA increased penalties for corporate criminals, increased the budget of agencies charged with investigating corporate crime, and made prosecution easier. Because of the SOA, it has been said that “prosecutors are driven to go after corporate fraud with an almost evangelical zeal” (Burr, 2004, p. 10). Perhaps the days of leniency for white-collar criminals are over. In 2005, Bernard Ebbers, ex-WorldCom CEO, was sentenced to 25 years in prison for his role in the \$11 billion WorldCom fraud; John Rigas, founder of Adelphia Communications Corp., was sentenced to 15 years and his son Timothy to 20 years for their roles in yet another massive fraud; and Tyco executives Dennis Koslowski and Dennis Swartz were sentenced to 8 and 25 years, respectively. Finally, Enron executive Jeffery Skilling was sentenced to 24 years in October, 2006.

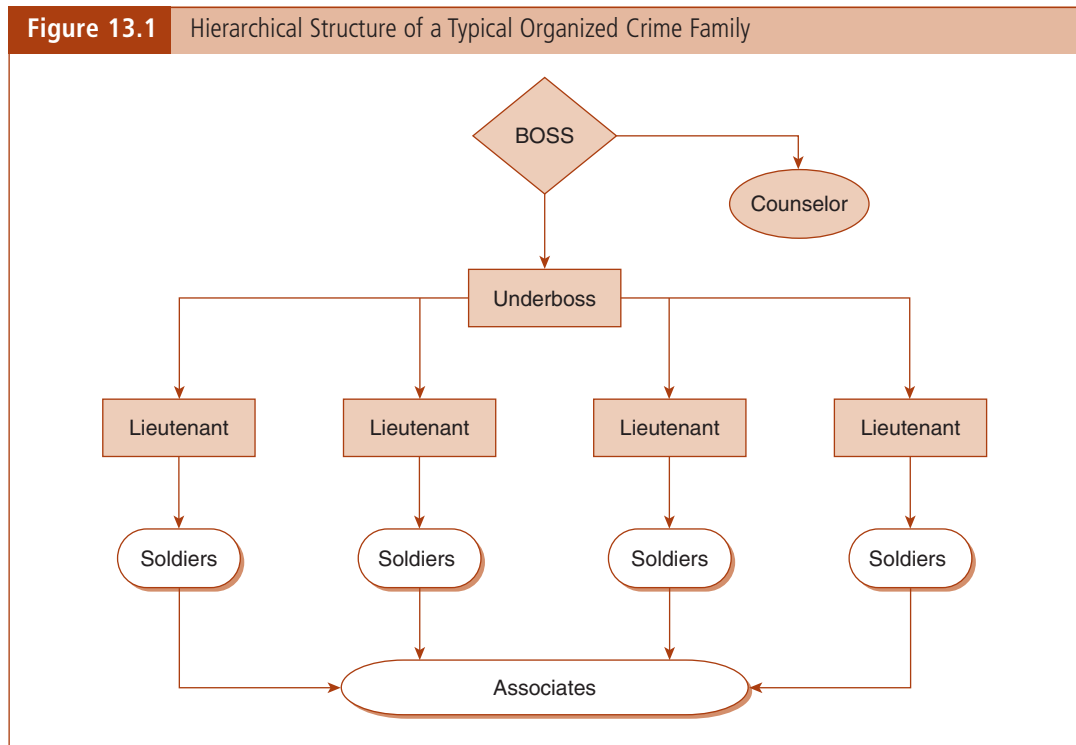
Organized Crime

What Is Organized Crime?

Criminologists have had a difficult time deciding what organized crime is and how it differs (if it does) from corporate crime. Some argue that “any distinction between organized and white-collar crime may be artificial inasmuch as both involve the important elements of organization and the use of corruption and/or violence to maintain immunity” (Albanese, 2000, p. 412). Corporate crime is “organized crime” in some senses (corporations are organized, and when their members commit illegal acts they are engaging in crime), but there are major differences. Corporate criminals are created from the opportunities available to them in companies organized around doing legitimate business, whereas members of organized crime must be accomplished criminals before they enter groups organized around creating criminal opportunities. Thus, the former make a crime out of business and the latter make a business out of crime.

According to the President’s Commission on Organized Crime (PCOC; 1986), **organized crime** is crime committed by structured criminal enterprises that maintain their activities over time by fear and corruption. PCOC concentrated on **La Cosa Nostra** (literally, “our thing”), also commonly referred to as the Mafia, but it should not be inferred from this that La Cosa Nostra (LCN) and organized crime are synonymous. There are many other organized crime groups in the United States and around the world.

LCN groups are structured in hierarchical fashion reflecting various levels of power and specialization. There are 24 LCN families with a national ruling body known as the **Commission**, which is a kind of “board of directors” and consists of the bosses of the five New York families and four bosses from other important families located in other cities.



SOURCE: Adapted from President's Commission on Organized Crime (1986, p. 469).

The commission functions to arbitrate disputes among the various families and facilitate joint ventures, approve of new members, and to authorize the executions of errant members (Lyman & Potter, 2004). Members respect the hierarchy of authority in their organization just as corporate executives respect ordered ranks of authority in their corporations. Although there are occasional family squabbles and coups that remove individuals from the hierarchy, the structure remains intact. The formal structure of a LCN Family can be diagrammed as in Figure 13.1.

At the top is the boss (the *don* or *capo*), beneath whom is a counselor (*consigliere*) or advisor, and an underboss (*sotto capo*). The counselor is usually an old family member (often a lawyer) wise in the ways of crime; the underboss is being groomed for succession to the top position. Beneath the underboss are the lieutenants (*caporegimas*) who supervise the day-to-day operation of the family through their soldiers (*soldati*), known as *made men*, *wiseguys*, or *button men*. Although soldiers are the lowest ranking members of the family, they may each run their own crew of nonmember associates.

LCN members are not employees who earn regular incomes from the family. Membership simply entitles the member to run his own rackets using the family's connections and status. A percentage of a soldier's earnings are paid to his lieutenant, who also has his own enterprises on which he pays a percentage to the underboss, and so on up the line.

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This model is known as the **corporate model** because of its similarity to corporate structure, but some academics favor the **feudal model**. The feudal model of LCN views it as a loose collection of criminal groups held together by kinship and patronage. The commission may be seen as the king and his ministers (who rarely, if ever, interfered with their nobles), the family bosses may be seen as the lords, the lieutenants as the lesser nobility, and the made men and associates as the peasants. The autonomous operations of each family, the semi-autonomous operations of the soldiers and lieutenants, and the provision of status and protection by the family in exchange for a cut of their earnings, provides evidence that LCN bosses are more like feudal lords than corporate CEOs. Other scholars see evidence for both the corporate and the feudal models, namely, seeing LCN as a highly structured feudal system (Firestone, 1997, p. 78).

Organized crime is like a corporation (or a feudal system, for that matter) in that it continues to operate beyond the lifetime of its individual members. It does not fall apart when key leaders are arrested, die, or are otherwise absent. The criminal group takes on a life of its own, and members subordinate their personal interests to the group's interests, making organized crime different from gangs that spring up and die with their leaders.

LCN is not an equal opportunity employer; it is restricted to males of Italian descent of proven criminal expertise. Prospective members must be sponsored by *made guys* (established members of the family), and applicants are screened carefully for their criminal activity and loyalty before being allowed to apply. A lifetime commitment to the family is required from the newcomer, and in return, he receives a guaranteed and rather lucrative criminal career as part of an organization of great prestige and respect in the underworld. A promising criminal who is not of Italian descent, but who has qualities useful to the organization, may become an associate member of LCN.

The Origins of Organized Crime in the United States

Organized crime groups existed long before there was any major Italian presence in the United States, and many organized crime scholars believe that it is a "normal" product of the competitive and free-wheeling nature of American society (Bynum, 1987). Scholars place a variety of dates on the beginnings of organized crime in America as we have defined it, but the two major candidates are the founding of the Society of Saint Tammany in the late 18th century and Prohibition in the early 20th century.

The **Tammany Society** was a corrupt political machine associated with the Democratic Party that ran New York City well into the 20th century from the "Hall" (Tammany Hall). The society made use of street gangs to threaten and intimidate political rivals. Prominent among these gangs were the vicious *Whyos* and the *Five Points* gangs. In order for a new member to be accepted by the Whyos, which at its peak had over 500 members, he had to have killed at least once. The Whyos plied their trade among New York's citizenry by passing out price lists on the streets for the services they provided (ranging from \$2 for punching to \$100 for murder) as casually as pizza vendors (Browning & Gerassi, 1980). The Five Points gang was a confederation of neighborhood gangs and was said to have had more than 1,500 members at one time.

In 1920, the United States Congress handed every petty gang in America an invitation to unlimited expansion and wealth with the ratification of the Eighteenth Amendment (the Volstead Act, or **Prohibition**), which prohibited the sale, manufacture, or importation of intoxicating liquors within the United States. Prohibition ushered in a vicious 10-year period

of crime, violence, and political corruption as gangsters fought over the right to provide the drinking public with illicit alcohol.

The most successful gangster of the era was Al “Scarface” Capone of Chicago. Capone (a former member of the Whyos) was a ruthless criminal and a flamboyant man who established a criminal empire that at its height consisted of over 700 gunmen (Abadinsky, 2003). The wealth Capone accumulated from his bootlegging and prostitution enterprises got him into the *Guinness Book of Records* as having the highest gross income (\$105 million) of any private citizen in America in 1927. Capone met his demise when the Supreme Court ruled that unlawful income was subject to taxation. Capone had not paid taxes on his criminal income, so he was sentenced to 11 years in prison in 1931. He died in 1947 of pneumonia following a stroke at age 48.

With the repeal of Prohibition in 1933, organized crime entered a quieter phase, but the modern face of LCN was already beginning to take form in New York. There were two main factions in Italian organized crime in New York at this time, one headed by Giuseppe Masseria and the other by Salvatore Maranzano, who were struggling for supremacy. This struggle, known as the **Castellammarese War**, ended with the deaths of both leaders in 1931. The war saw the end of the old Sicilian leaders and the emergence of an Americanized LCN. The Americanization of LCN saw the emergence of the five New York LCN families. It also saw Lucky Luciano (another former Whyo) set up the organization’s national commission and to claim the title of founding father of Italian-American organized crime (Lupsha, 1987).

Interest in organized crime activities waned considerably after World War II, and many law enforcement officials did not acknowledge its existence. Three events affirmed the reality of its existence. In 1950, the (Senator Estes) **Kefauver Committee** was formed to investigate organized crime’s involvement in interstate commerce. The Kefauver Committee hearings called in to testify such important organized crime figures as Meyer Lansky, Frank Costello, and Bugsy Siegel, exposing them to the public for the first time, although nothing significant came out of it.

The 1957 **Apalachin meeting**, held in Apalachin, New York, once again riveted national attention on organized crime. The police (who stumbled on the meeting purely by accident) raided the meeting and arrested 63 people, including the bosses and underbosses of New York’s LCN families. All arrestees refused to answer questions about the purpose of the meeting and were indicted for obstruction of justice. No convictions came out of these indictments, but it destroyed LCN’s hope that it could stay out of the public spotlight. According to the PCOC (1986), it finally confirmed the existence of organized crime, and law enforcement began to focus more seriously on combating it.

The (Senator John L.) **McClellan Commission** was formed in 1956 to look into financial irregularities in the Teamster’s Union, but the star witness was a made man in the Genovese Family named Joe Valachi. While in prison, Valachi was accused of being an informer, which meant that he was marked for death. Rather than face this prospect, Valachi decided to testify about the Mafia in front of the McClellan Commission. He revealed much about the operation of the Mafia, including the fact the organization called itself Cosa Nostra, a term unfamiliar to law enforcement officials up to then. Despite the fact that Valachi was only a low-level soldier (albeit with 30 years experience), commission member Senator Robert Kennedy called Valachi’s testimony the “biggest intelligence breakthrough yet in combating organized crime” (in Wilson, 1984, p. 566).

Foreign Organized Crime Groups: The Russian “Mafiya” and the Japanese Yakuza

The Russian “Mafiya” is considered to be the most serious organized crime threat in the world today (Rush & Scarpitti, 2001). There has been an explosion of crime in Russia since the breakup of the Soviet Union; the crime, bribery, political, and police corruption in Russia make the Prohibition period in America look positively benign. As James Finckenauer (2004, p. 62) put it, “Organized crime has been able to penetrate Russian businesses and state enterprises to a degree inconceivable in most other countries.”

The major group in Russian organized crime is known as the *vory v zakone* (thieves-in-law), which began as a large group of political prisoners imprisoned following the Bolshevik Revolution in 1917. The Soviet prison system used this group to maintain order over the general prison population, in exchange for many favors. These “elite” prisoners developed their own structural hierarchy and strict code of conduct or “laws” (hence thieves-“in-law”). One of their strictest rules was that there is to be absolutely no cooperation with legitimate authority for any reason.

Russian organized crime is the biggest factor threatening Russia’s democratization, economic development, and security. It threatens democratization because if a democratic government cannot control it, an authoritarian one will. It threatens the economy because foreign companies are reluctant to make the much-needed investments in an economy rife with the murder and extortion of business leaders. It threatens public security because many police officers and KGB personnel have left public service for the more lucrative opportunities available with organized crime (Carter, 1994).

Russian organized crime metastasized to the United States with the influx of Russian immigrants in the 1970s and 1980s. Unlike the largely uneducated Mafioso who came to the U.S., many Russian émigré criminals are highly educated individuals driven out by economic

► **Photo 13.3** With the demise of the Soviet Union, the West was exposed to Russian and Ukrainian mafiya for the first time on a large scale. This grave of an assassinated mafiya leader is in Odessa, Ukraine. Note the gold leaf and prominent photo on the 15-foot-tall grave memorial



hardship. This level of intelligence and expertise should make them a real threat. Indeed, Rush and Scarpitti (2001) write that

It has been speculated by intelligence agencies such as the IRS, FBI, and CIA that because of their higher level of criminal sophistication Russian organized crime groups will present a greater overall threat to American society than the traditional Italian-American crime families ever have. (p. 538)

The Japanese Yakuza Japanese organized crime (JOC) groups are probably the oldest and largest in the world, with total membership larger than LCN and estimated at 90,000 (Lyman & Potter, 2004). JOC is commonly believed to have evolved from *ronin*, or masterless samurai warriors, who contracted their services out for assassinations and other illegal purposes. They also protected the peasants from other marauding bandits as a sort of vigilante/law enforcement group. The defeat of Japan in WW II and the ensuing chaos provided the catalyst for the growth of JOC. This period saw many gang wars erupt over control of lucrative illicit markets. As in the United States, these gang wars led to the elimination of some gangs and to the consolidation and strengthening of others. The Kobe-based *Yamaguchi-gumi*, with an estimated membership of over 10,000, is the largest of these groups (Iwai, 1986).

Members of JOC groups are recruited heavily from the two outcast groups in Japanese society—the *burakumin* (outcasts because their ancestors worked at trades that dealt with dead flesh, such as butchery, tanning, grave digging, etc., which was seen as unclean in the Buddhist religious tradition) and Japanese-born Koreans. Once admitted, a *kobun* must pledge absolute loyalty to his superiors, and like his LCN counterpart, must generate his own income and contribute part of it to the *ikka* (the family).

JOC enjoys a unique position in Japanese society. Their historical connection with the samurai; their espousal of traditional norms of duty, loyalty, and manliness; their support for nationalistic programs; and their “law enforcement” functions (yakuza neighborhoods are safe from common criminals) endow them with a certain level of respect and admiration among the Japanese. Furthermore, the yakuza are not shadowy underworld figures; their affiliations are proudly displayed on insignia worn on their clothes and on their offices and buildings, and they publish their own newsletter. The headquarters of one crime group, complete with the gang emblem hanging proudly outside, is only three doors away from the local police station (Johnson, 1990).

The police have tended to tolerate yakuza activity in certain areas as long as it involves only the provision of certain illicit goods and services demanded by the public, but they have cracked down hard when firearms and drugs are trafficked, or when innocent civilians are harmed. With the introduction of the Boryokudan Countermeasures Law of 1992, however, the relationship between the police and the yakuza has become more antagonistic, and there have been many police crackdowns (Hill, 2003).

Theories About the Causes of Organized Crime

Early theories of organized crime relied on the anomie/strain tradition to explain organized crime, describing the gangster as “a man with a gun, acquiring by personal merit what was denied him by complex orderings of stratified society,” and saw each successive wave of

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immigrants ascending a “queer ladder of social mobility” in American society (Bell, 1962). According to this **ethnic succession theory**, upon arrival in the United States, each ethnic group was faced with discriminatory attitudes that denied them legitimate means to success. The Irish, Jews, and Italians were each prominent in organized crime before they became assimilated into American culture and gained access to legitimate means of social mobility. African Americans, Russians, and Asians have been prominent in organized crime, and according to this view, may have to climb their own “queer ladder” until they gain full acceptance in American society.

The idea of opportunity denial implies that those allegedly denied them would have gladly taken advantage of them if they existed and would have spurned crime. In this view, a criminal career is simply the default option undertaken by the downtrodden, with the unspoken corollary being that no one would actively seek criminal opportunities if legitimate options were available to him. However, memoirs of a number of LCN figures show that they had received good educations, came from involved and intact families, and had many opportunities to enter legitimate careers but saw crime as a more lucrative career than any legitimate alternative (Firestone, 1997).

Many gang members grew up hero-worshipping the neighborhood made men. It was the mobster who had the beautiful women, the sleek cars, the fancy clothes, and the respect, not the legitimate “working stiff” (Firestone, 1997, p. 73). Such neighborhoods proved to be fertile ground for the constant cultivation of new batches of criminals because they provided their young inhabitants with exposure to an excess of definitions favorable to law violation. The joy and enthusiasm with which made men describe their acceptance into the gang makes nonsense of the idea that gangsters are deprived individuals making the best of a bad deal: “Getting made is the greatest thing that could ever happen to me . . . I’ve been looking forward to this day ever since I was a kid.” And a made man in the Columbo family gushes, “Since I got made I got a million fuckin’ worshipers hanging around” (Abadinsky, 2003, pp. 23–24). As with common street robbers, the attitude toward legitimate employment and those who pursued it among made men is “Anyone who stood waiting his turn on the American pay line” writes Pileggi (1985, p. 37), “was beneath contempt. . . . To wise guys, ‘working guys’ were already dead.”

The final two articles in this section delve much deeper into the fascinating issue of the causes of organized crime. The article by Jay Albanese asks whether those who are already criminals organize around opportunities available for crime, or do these opportunities create criminals to take advantage of them? He finds evidence for both hypotheses, using case studies of organized crime groups. Albanese also provides extended discussions about the definitions of organized crime and asserts that there are more similarities than differences between organized crime and white-collar crime.

Hung-En Sung’s article also pits alternative hypotheses against one another to understand the existence of organized crime across cultures ranging from Argentina to Zimbabwe. He wants to know if state failure (the failure to provide freedoms, rights, and personal security to citizens) or economic failure (inefficient use of labor and capital) is most important in explaining organized crime. Sung’s findings show that state failure is the most important factor. Interestingly, however, while judicial independence is the most powerful predictor among eight others (the greater the judicial independence, the lower the level of organized crime), the provision of individual rights was the next most powerful, but in the opposite direction (the greater the rights, the higher the level of organized crime).