

6th Edition

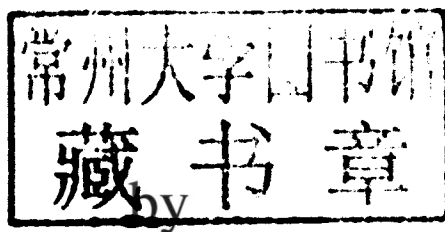
ORGANIZED CRIME

In Our Times

Jay S. **ALBANESE**

SIXTH EDITION

ORGANIZED CRIME IN OUR TIMES



JAY S. ALBANESE



AMSTERDAM • BOSTON • HEIDELBERG • LONDON
NEW YORK • OXFORD • PARIS • SAN DIEGO
SAN FRANCISCO • SINGAPORE • SYDNEY • TOKYO

Anderson Publishing is an imprint of Elsevier



Acquiring Editor: Ellen S. Boyne
Project Manager: André Cuello
Designer: Kelly Grondin

Anderson Publishing is an imprint of Elsevier

30 Corporate Drive, Suite 400, Burlington, MA 01803, USA
© 2011 Elsevier, Inc. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any information storage and retrieval system, without permission in writing from the publisher. Details on how to seek permission, further information about the Publisher's permissions policies and our arrangements with organizations such as the Copyright Clearance Center and the Copyright Licensing Agency, can be found at our website: www.elsevier.com/permissions.

This book and the individual contributions contained in it are protected under copyright by the Publisher (other than as may be noted herein).

Notices

Knowledge and best practice in this field are constantly changing. As new research and experience broaden our understanding, changes in research methods or professional practices may become necessary. Practitioners and researchers must always rely on their own experience and knowledge in evaluating and using any information or methods described herein. In using such information or methods they should be mindful of their own safety and the safety of others, including parties for whom they have a professional responsibility.

To the fullest extent of the law, neither the Publisher nor the authors, contributors, or editors assume any liability for any injury and/or damage to persons or property as a matter of products liability, negligence or otherwise, or from any use or operation of any methods, products, instructions, or ideas contained in the material herein.

Library of Congress Cataloging-in-Publication Data

Albanese, Jay S.

Organized crime in our times / by Jay S. Albanese. —6th ed.
p. cm.

Includes bibliographical references and index.

ISBN 978-1-4377-4453-8 (alk. paper)

1. Organized crime—United States. 2. Organized crime—United States—History—20th century. 3. Organized crime investigation—United States. 4. Transnational crime. I. Title.

HV6446.A34 2011

364.10973—dc22

2010025413

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

ISBN: 978-1-4377-4453-8

Printed in the United States of America

10 11 12 13 14 10 9 8 7 6 5 4 3 2 1

Working together to grow
libraries in developing countries

www.elsevier.com | www.bookaid.org | www.sabre.org

ELSEVIER

BOOK AID
International

Sabre Foundation

For information on all Anderson publications visit our website at www.elsevierdirect.com

SIXTH EDITION

ORGANIZED
CRIME IN OUR
TIMES

Acknowledgments

My own intellectual history regarding organized crime has contributed greatly to the composition of this book. First, several people at Rutgers served to initiate and stimulate my interest in organized crime. Richard Sparks got me interested in the subject during a graduate course, when he declared, “organized crime is more than a bunch of uncouth Italians.” Dwight Smith provided insights in both conversation and through his publications. The School of Criminal Justice at Rutgers, and the resources of the library there, continue to provide opportunities for me as an alumnus to develop professional, personal, and social relationships, some of which were first established years ago as a graduate student. Many life-long friends were made from among the faculty and students there. Phyllis Schultze of the Don M. Gottfredson Library of Criminal Justice at Rutgers University cheerfully helped me locate many elusive sources in the course of preparing this book.

Leslie King provided a knowledgeable sounding board for ideas about organized crime for many years, given her role as an investigator for the New York State Organized Crime Task Force and subsequent work for the FBI and State Department. Judge James W. Bachman deserves special thanks for his careful review of the previous edition and his many useful suggestions that have improved this new edition. Dave Whelan also contributed good ideas for this new edition, and his background and experience in the field were a helpful sounding board. Kelly Grondin and Michael Braswell of Elsevier Publishing encouraged the proposal for this book, and they deserve thanks for seeing it through. Ellen S. Boyne, my editor, did a magnificent editorial job and is always wonderful to work with.

It is important to thank a number of my former students and friends at Virginia Commonwealth University, Niagara University, and the National Institute of Justice, where I have made many friends among colleagues, students, and alumni. Hopefully, we have influenced one another in a positive way. Although we sometimes disagreed on the path toward knowledge and experience, the premise of our pursuit never varied: at no time did we forget to have fun along the way.

To

Leslie E. King

*who also knows quite a bit about organized crime—
for her encouragement and support over many years*

Introduction

Organized crime remains one of the most fascinating manifestations of criminal behavior, yet it remains one of the least understood. There have been many important convictions of organized crime figures, new transnational links have been found, and new attention has been given to human smuggling, Internet crimes, and other modern manifestations of organized criminal activity. This book reports on these, and other, significant developments in organized crime in recent years.

This book conveys in a concise manner the nature, history, and theories of organized crime, together with the criminal justice response. It includes an assessment of the investigation, prosecution, defense, and sentencing of organized criminals to date. In addition, a review of alternative futures in the prevention of organized crime is presented. This book is designed, therefore, to provide a synthesis of important developments in the understanding, prevention, and criminal justice response to organized crime.

There are several features that distinguish this book from others:

- Numerous critical thinking exercises that help students apply and evaluate concepts to actual case examples. Additional exercises are available online.
- A legal analysis of the offenses that underlie organized crime.
- Specific attention to new forms of organized crime activity.
- Application of ethics to understanding the causes of organized crime.
- The nature of implications of transnational organized crime operations.
- Four separate chapters on the criminal justice response to organized crime: investigation, prosecution, defense, and sentencing.
- An *Organized Crime Biography* is included in each chapter, summarizing recent popular books on organized crime figures and groups.

- An *Organized Crime at the Movies* special insert in every chapter, relating portrayals of organized crime in the media to organized crime in practice.
- A glossary with definitions of key terms related to organized crime.
- A time line of major events in the history of organized crime in the United States.

An instructor's resource manual is available to professors that provides answers to the critical thinking exercises, as well as several hundred questions and answers that can be used to test students in their understanding of the contents of the book. Additional exercises are available online.

The careful reader of this book will come away with a clear understanding of the definition of organized crime, how it is categorized under law (as a number of distinct crimes), the individual causes of organized crime, models to explain its persistence, the history of the Mafia, Presidential investigations, nontraditional groups, and investigation, prosecution, defense, and sentencing of organized crime suspects, defendants, and offenders. Rather than merely summarizing the existing literature in encyclopedic fashion, this book organizes information into a meaningful way. This will empower the student to separate the fact from fiction of organized crime. The incorporation of critical thinking exercises throughout the book will reinforce the student's ability to apply the important principles of organized crime in new fact situations, and to anticipate consequences for the future.

Contents

Acknowledgments	xi
Dedication	xiii
Introduction	xv

1 What Is Organized Crime? 1

The Fascination with Organized Crime	1
Defining Organized Crime	3
Similarities and Differences between Organized Crime and White-Collar Crimes	4
Terrorism and Organized Crime	6
Typology of Organized Crime	7
<i>Critical Thinking Exercise 1.1: The Case of Selling a High School Football Player</i>	9
Typology of Organized Criminals	10
Ethnicity	11
Organization of Crime Groups	13
Gender and Organized Crime	14
How Much Organized Crime Is There?	16
The Remainder of This Book	17
<i>Critical Thinking Exercise 1.2: The Case of an Internet Stock Fraud</i>	19
<i>Organized Crime Biography: Gaspipe: Confessions of a Mafia Boss</i>	20
<i>Organized Crime at the Movies: The Godfather</i>	21
References to Chapter 1	22

2 Characteristic Organized Crimes I: Conspiracy and Provision of Illicit Goods and Services 25

Legal Definitions of Organized Crimes	25
Conspiracy	27
Do Marijuana Purchases Suffice for Liability?	27
Can a Single Cocaine Transaction Be Linked to a Conspiracy?	28
<i>Critical Thinking Exercise 2.1: The Case of Babies and Cocaine Smuggling</i>	30
How Much Is Required Beyond a Criminal Agreement?	30
Can One Withdraw from a Conspiracy by Simply Walking Away?	32
Summarizing the Important Elements of Conspiracy	33

Critical Thinking Exercise 2.2: The Case of Murder for Hire	34
Provision of Illicit Goods: Drugs and Stolen Property	35
Drugs: Liability for the Conduct of Others?	35
Stolen Property: I Didn't Know It Was Stolen!	38
Critical Thinking Exercise 2.3: The Case of a Very Good Deal on Carpet	39
Provision of Illicit Services: Gambling, Loansharking, and Sex	41
The Unique Problem of Gambling: The Oldest Vice	41
Gambling as Vice or Recreation?	43
Is Legal Gambling a Constitutionally Protected Right?	45
What Are the Elements of an Illegal Gambling Business?	46
Is Placing a Bet Sufficient for Involvement in an Illegal Gambling Enterprise?	47
Critical Thinking Exercise 2.4: The Case of Poker for Profit	48
Loansharking	49
Usury: Are Threats Needed for Liability?	50
Critical Thinking Exercise 2.5: The Case of Collecting a Debt	51
Sex and Organized Crime	51
Prostitution: It Was Only a Modeling and Escort Service	52
Distinguishing the Risqué from the Obscene	54
Pornography: I Didn't Know the Model Was a Minor	57
The Internet and Pornography	58
Critical Thinking Exercise 2.6: The Case of Child Pornography on the Computer	60
Summary	61
Organized Crime Biography: Paddy Whacked: The Untold Story of the Irish American Gangster	62
Organized Crime at the Movies: Blow	63
References to Chapter 2	64
3 Characteristic Organized Crimes II: Infiltration of Business, Extortion, and Racketeering	69
Infiltration of Business and Government	69
Extortion	70
Protection Rackets	71
Jobs for Sale	73
Under Color of Official Right	74
Critical Thinking Exercise 3.1: The Case of Repaying a Loan	75
Racketeering	75
Hidden Ownership and Skimming Profits	77
I Didn't Know My Property Was a Crackhouse	78
The Secretive Nature of Criminal Enterprises	79
Critical Thinking Exercise 3.2: The Case of the Avengers Motorcycle Club	81
Summary	81
Organized Crime Biography: Gomorrah: A Personal Journey into the Violent International Empire of Naples' Organized Crime System	82
Organized Crime at the Movies: Casino	83
References to Chapter 3	84

4	Causes of Organized Crime: Influences on Individuals	87
	Is Organized Crime Unique?	88
	Positivist: Social and Economic Influences	89
	Classicist: Hedonism and the Odds of Apprehension	91
	Structural: Capitalism and Arbitrary Laws	93
	<i>Critical Thinking Exercise 4.1: The Case of the Making of "Sammy the Bull" and Ivankov</i>	94
	Ethical: When Crime Brings Pleasure, Not Guilt	96
	<i>Critical Thinking Exercise 4.2: The Case of the Irish Mob</i>	98
	Summary	99
	<i>Organized Crime Biography: Wiseguy</i>	101
	<i>Organized Crime at the Movies: Goodfellas</i>	102
	References to Chapter 4	103
5	Paradigms of Organized Crime: Types of Organizations	105
	What Is a Model of Organized Crime?	105
	Hierarchical Model of Organized Crime	106
	Local, Ethnic Model of Organized Crime	111
	Enterprise Model of Organized Crime	113
	<i>Critical Thinking Exercise 5.1: The Case of Morrisburg</i>	115
	Fitting the Models Together: Groups versus Activities	116
	Future Forms of Organized Crime?	118
	<i>Critical Thinking Exercise 5.2: The Case of the Hackers</i>	119
	Summary	120
	<i>Organized Crime Biography: The First Family: Terror, Extortion, Revenge, Murder, and the Birth of the American Mafia</i>	121
	<i>Organized Crime at the Movies: Carlito's Way</i>	122
	References to Chapter 5	123
6	The Mafia: 100 Years of Historical Facts and Myths	127
	The Hennessey Murder in New Orleans, 1890	127
	The Italian Connection	129
	From City Gangs to a National Conspiracy	135
	<i>Critical Thinking Exercise 6.1: The Case of Al Capone versus John Gotti</i>	136
	The Kefauver Hearings, 1950	138
	The Apalachin Incident, 1957	141
	The Valachi Hearings and the Cosa Nostra, 1963	144
	Fratianne, the FBI, and the Tieri Trial, 1980	147
	Mob Trials of the 1980s to the Present	157
	Summary	170
	<i>Critical Thinking Exercise 6.2: A Case of Murder among Gangsters</i>	172
	<i>Organized Crime Biography: A Man of Honor: The Autobiography of Joseph Bonanno / Bound by Honor: A Mafioso's Story</i>	173
	<i>Organized Crime at the Movies: A Bronx Tale</i>	174
	References to Chapter 6	175

7 Changes in the Nature of Organized Crime: From Traditional to Modern 181

Presidential Investigations of Organized Crime 182

Activities of Organized Crime Groups 183

Political and Commercial Corruption 185

National Efforts to Control Organized Crime 186

Government Recommendations 187

Summary of Similarities 191

Critical Thinking Exercise 7.1: The Case of the Unmaking of a Mobster 192

Changing Organized Crime Patterns 193

International Stolen Vehicle Smuggling 193

International Drug Smuggling 195

International Human Trafficking 195

Computer and Internet Crime 197

Hijacking 200

Critical Thinking Exercise 7.2: The Case of Tracking Immigrants within Our Own Borders 201

Summary 203

Organized Crime Biography: Underboss: Sammy the Bull Gravano's Story of Life in the Mafia 203

Organized Crime at the Movies: The Departed 205

References to Chapter 7 207

8 Transnational Organized Crime 211

The Scope of Transnational Crime 211

Using Ethnicity to Explain Organized Crime? 213

The Ethnicity Trap 214

Criminal Networks versus Organizations 215

Transnational Organized Crime Groups 219

Providing Illicit Services 220

Gambling and Loansharking 220

Human Trafficking and Prostitution 222

Providing Illicit Goods 223

Drugs 224

Stolen Property 229

Infiltrating Legitimate Business 232

Critical Thinking Exercise 8.1: The Case of the Nigerian Advance Fee Fraud 233

Racketeering 234

Extortion 236

Critical Thinking Exercise 8.2: The Case of Video Slot Machines 239

Crimes against Government 239

Corruption 239

Terrorism Connections 240

Summary 241

Organized Crime Biography: McMafia: A Journey through the Global Criminal Underworld 242

Organized Crime at the Movies: Blood Diamond 244

References to Chapter 8 245

9 Investigative Tools 253

Investigators of Organized Crime 253

Investigative Techniques and Intelligence Gathering 255

Financial Analysis 257

Critical Thinking Exercise 9.1: The Case from Charlotte to Hezbollah 259

Electronic Surveillance 260

Informants 271

Undercover Agents 274

Citizens Commissions 276

Critical Thinking Exercise 9.2: The Case of Standing Next to a Pay Phone 277

Summary 278

Organized Crime Biography: Making Jack Falcone: An Undercover FBI Agent Takes Down a Mafia Family 278

Organized Crime at the Movies: Donnie Brasco 280

References to Chapter 9 281

10 Prosecution Strategies 287

Tools for the Prosecution 287

Special Grand Juries 289

Witness Immunity 291

Witness Protection Program 293

Racketeer Influenced and Corrupt Organizations (RICO) 297

Critical Thinking Exercise 10.1: The Case of Enough Evidence 303

Bank Secrecy Act 304

Money Laundering Control 306

Critical Thinking Exercise 10.2: The Case of Money Laundering and Terrorism 308

Summary 309

Organized Crime Biography: Family Secrets: The Case That Crippled the Chicago Mob 310

Organized Crime at the Movies: The Untouchables 311

References to Chapter 10 312

11 Organizing a Criminal Defense 317

Entrapment 317

Critical Thinking Exercise 11.1: The Case of the Informant, the Prostitute, and the Heroin Dealer 322

Duress 324

Claims That Are Potential Defenses 325

Adequacy of Legal Representation	325
RICO Participation	326
Gambling While Intoxicated	327
Extortion, Perjury, and Consequences	327
Amnesia	328
Mob Lawyers	328
<i>Critical Thinking Exercise 11.2: The Case of Vincent "The Chin" and Mental Illness</i>	331
Summary	332
<i>Organized Crime Biography: King of the Godfathers: Joseph Massino and the Fall of the Bonanno Crime Family</i>	333
<i>Organized Crime at the Movies: Road to Perdition</i>	334
References to Chapter 11	335

12 Sentencing Organized Crime Offenders 339

Sentences Imposed in Racketeering and Drug Cases	340
Types of Racketeering Convictions	342
Backgrounds of Convicted Offenders	344
Trends in Asset Forfeiture	345
<i>Critical Thinking Exercise 12.1: The Case of Deterring Terrorists versus Organized Crime</i>	347
Lawfulness of Asset Seizure	348
Protecting the Rights of Third Parties	350
Disposition of Seized Assets	351
<i>Critical Thinking Exercise 12.2: The Case of a Close Family Friend</i>	352
Innovations in Sentencing	352
Oversight of Union Activities	352
Offender Deterrence Tactics	354
Role of Public Education	354
Summary	355
<i>Organized Crime Biography: Breakshot: A Life in the 21st Century American Mafia</i>	356
<i>Organized Crime at the Movies: Traffic</i>	357
References to Chapter 12	358

Glossary	361
----------	-----

Timeline of Organized Crime in the United States	383
--------------------------------------------------	-----

About the Author	387
------------------	-----

Index	389
-------	-----

Chapter I

What Is Organized Crime?

If you do big things they print only your face, and if you do little things, they print only your thumbs.

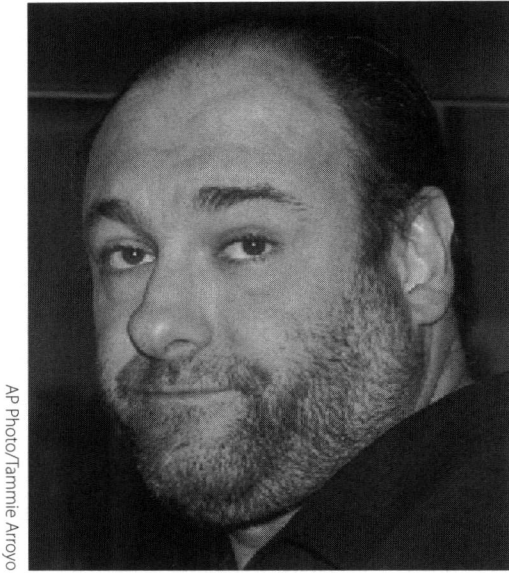
—Arthur “Bugs” Baer

Sammy Gravano and his son were sentenced to prison terms in 2002 on charges they conspired to distribute the drug ecstasy in the New York City area. Gravano was once underboss to John Gotti and later became an informer against him, serving five years in prison. He ultimately moved to Arizona, resuming his criminal career under an assumed name. For most people, Sammy Gravano characterizes the true nature of organized crime. But is organized crime simply groups of career criminals who engage in criminal activity or are the groups and activities more systematically organized? This chapter presents the state of our knowledge regarding the nature, definition, and characteristics of organized crime.

The Fascination with Organized Crime

Organized crime is perhaps the most interesting form of criminal behavior. Public fascination with the “Mafia,” the “Mob,” the “Syndicate,” and other suggestive descriptions has remained strong for more than a century. *The Godfather*, a novel, was originally published in 1969 and is the most popular book about crime ever published, and one of the best-selling novels in history.¹ More than 15 million copies have been sold. When a movie version was released in 1972, it grossed \$200 million, making it one of the most successful movies ever made.²

The HBO television series “The Sopranos” first aired in the late 1990s to huge audiences. The series portrayed a fictional Italian-American organized crime family in New Jersey. The show spawned a market for video and DVD versions of old episodes and a “Sopranos Tour” that takes tourists to locations featured in the series, such as cemeteries, docks, and stores. A sporting goods store, Ramsey Outdoor, was forced into bankruptcy on



AP Photo/Tammie Aroyo

Actor James Gandolfini, who played mob boss Tony Soprano for many years on "The Sopranos," is occasionally approached by people thinking he is a mobster in real life.

the television show, but as the tour guide said, "people have trouble distinguishing between reality and fiction," especially when it comes to organized crime. The real sporting goods store never went out of business, but its business dropped off dramatically after the episode, as viewers apparently believed the television portrayal to be real. The real store had to take out ads reminding customers that it was still open and that "The Sopranos" was just a TV show.³ In a similar way, James Gandolfini, one of the featured actors on the show, reported that people claiming to be mobsters occasionally approach him. He said, "I'd like to think that the smarter mobsters are the ones who don't come up to TV actors."⁴

This peculiar fascination with organized crime has often made it

difficult to separate fact from fiction, however, and it has discouraged many criminologists from seriously studying the problem. Furthermore, its complexity, mystique, and apparent success have made reliable information difficult to come by. It has only been during the past 40 years that serious efforts to study organized crime objectively have flourished. For example, the President's Crime Commission established a task force in 1967 to investigate organized crime specifically. Its conclusions about the state of knowledge at that time were quite candid.

Our knowledge of the structure which makes "organized crime" organized is somewhat comparable to the knowledge of Standard Oil which could be gleaned from interviews with gasoline station attendants. Detailed knowledge of the formal and informal structure of the confederation of Sicilian-Italian "families" in the United States would represent one of the greatest criminological advances ever made, even if it were universally recognized that this knowledge was not synonymous with knowledge about all organized crime in America.⁵

Investigators attempting to analyze the structure and functioning of particular organized criminal groups have pointed to the need for additional case studies, which would help confirm or deny their findings in individual circumstances.⁶ Researcher Annelise Anderson has argued that there is a need for information, "about organized criminal activity itself, by which the government's new legislation and its expanding level of

effort can be evaluated.”⁷ The U.S. Government Accountability Office, the investigative arm of Congress (formerly named the General Accounting Office), concluded that the absence of a consensus in the Justice Department about the fundamental definition of organized crime has hampered the potential success of crime control programs designed to combat it.⁸ The President’s Commission on Organized Crime, appointed by Ronald Reagan during the 1980s, also did not offer any clear definition of organized crime. Rather, it described a series of characteristics of “criminal groups,” “protectors,” and “specialist support” necessary for organized crime.⁹

This apparent confusion over what constitutes organized crime is puzzling, given the long history of interest in the subject. Key words such as “Mafia,” “mob,” “syndicate,” “gang,” and “outfit” are often used to characterize it, but the precise meaning of these terms is often lost in discussions of the “appearances” and “earmarks” of organized crime.

Defining Organized Crime

U.S. Supreme Court Justice Potter Stewart once said he did not know precisely what it is, but “I know it when I see it.”¹⁰ He was talking about obscenity, but he may as well have been speaking of organized crime. Synthesizing all the research of the past 50 years, however, it is possible to arrive at a consensus definition of organized crime.

An analysis by criminologist Frank Hagan attempted to elicit common elements of the various descriptions of organized crime. After discovering that many books failed to provide explicit definitions of organized crime, he found that definitions had been offered by 13 different authors in books and government reports about organized crime written during the previous 15 years.¹¹ I have updated Hagan’s analysis with authors who have attempted to define organized crime more recently.¹²

The good news is that there is an emerging consensus about what actually constitutes organized crime. The bad news is that 11 different aspects of organized crime have been included in the definitions of various authors with varying levels of frequency. Table 1.1 summarizes these 11 attributes and how many authors have included them in their definition.

As Table 1.1 indicates, there is great consensus in the literature that organized crime functions as a continuing enterprise that rationally works to make a profit through illicit activities and that it ensures its existence through the use of threats or force and through corruption of public officials to maintain a degree of immunity from law enforcement. There also appears to be some consensus that organized crime tends to be restricted to those illegal goods and services that are in great public demand through monopoly control of an illicit market.