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President's Commission on Organized Crime

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Record of Hearing III  
October 23-25, 1984  
New York, New York

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**ORGANIZED CRIME**  
of  
**Asian Origin**



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*PRESIDENT'S COMMISSION ON ORGANIZED CRIME*

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Executive Director and Chief Counsel

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## INTRODUCTION

On July 28, 1983, President Reagan established the President's Commission on Organized Crime. Under Executive Order 12435, which established the Commission, the Commission is required to

make a full and complete national and region-by-region analysis of organized crime; define the nature of traditional organized crime as well as emerging organized crime groups, the sources and amounts of organized crime's income, and the uses to which organized crime puts its income; develop in-depth information on the participants in organized crime networks; . . . evaluate Federal laws pertinent to the effort to combat organized crime[;]  
. . . advise the President and the Attorney General with respect to its findings and actions which can be undertaken to improve law enforcement efforts directed against organized crime[;] and make recommendations concerning appropriate administrative and legislative improvements and improvements in the administration of justice.

In addition, the Commission is required to report to the President from time to time, and to submit its final report no later than April 1, 1986.

Since the early 1960s, when Joseph Valachi provided dramatic testimony concerning the activities of La Cosa Nostra, many people (including representatives of leading law enforcement agencies) have gained the impression that organized crime in the United States is dominated by, or consists almost totally of, the LCN "families" whose members are of Italian origin. Other criminal groups of different ethnic background have frequently been described merely as "emerging" groups. In its efforts to develop detailed information on these "emerging" groups, the Commission decided that its third hearing, in October, 1984, should concentrate on criminal groups in this country whose members have ethnic origins in three countries in Asia: China, Japan, and Vietnam.

Because far less is publicly known about the size, composition, and activities of these Asian groups, the Commission solicited testimony from num-

erous law enforcement officials in local and Federal agencies, and even from police officers in foreign jurisdictions such as Toronto and Amsterdam. The Commission also obtained testimony from various cooperating witnesses with first-hand knowledge of the activities of these groups. Finally, the Commission made use of the powers conferred on it by its enabling legislation, Public Law 98-368, to issue subpoenas to, and to compel the testimony of, other witnesses. Through these witnesses, the Commission sought to develop some of the information that law enforcement agencies previously have lacked about these groups, and to assess their significance in comparison with other criminal organizations.

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

PRESS CONFERENCE

October 22, 1984

26 Wall Street  
New York, New York

MR. BRILL: Good morning, ladies and gentlemen.

I am Arthur Brill, Director of Public Affairs of the Commission and I sincerely apologize for the delay.

As Jim will relate to you later, we are getting ready for these hearings and have voluminous details, witnesses, et cetera.

Jim will also talk to you about the security that we have for witnesses tomorrow, because of that we ask that the media come in on the Pine Street entrance and we will ask you to sign in again.

We suggest that the cameras get in here as early as you possibly can. We are going to set up the cameras essentially over here in a U-type -- in kind of a semi-circle manner.

If there are a lot of cameras, they can go all the way around. You can also use the balcony for stills and also for cameras. We hope that will be sufficient.

As far as testimony is concerned, we will have a little bit of that as far as prepared statements, but not much.

So, we recommend you listen very, very carefully and that is because the witnesses and all the people we have here, we just are not going to have prepared statements for everyone. In fact, very few.

I can be reached -- our press room is right in the rear area. I can be reached here during the day at 264-4367. I am also staying at the Downtown Athletic Club, you can reach me in the morning or evenings, I am in Room 2003.

Now, we did make the announcement that the hearings will start promptly at 10 o'clock and it will go until about 2 o'clock each day, not 1 o'clock as we originally thought they would.

Jim Harmon does have a prepared statement that he will give and he will be glad to answer your questions.

Everything we say now will be on the record.

We are trying to get prepared statements and we will try to have copies for everyone.

Without further ado, I would like to introduce to you the Executive Director of The President's Commission on Organized Crime and

Chief Counsel, James D. Harmon, Jr.

MR. HARMON: In many cases we are dealing with live witnesses, situations are developing and there are witnesses who are not exactly welcoming their anticipated appearance before the Commission.

So, to some degree those matters are out of our hands.

On July 28, 1983, when he established The President's Commission on Organized Crime, the President told the American people that "the power of [organized crime] syndicates infects every part of our society".

In giving the Commission its marching orders the President explained, in his words, that he expects the Commission to "Mobilize the American people against organized crime by triggering the kind of public support that is vital for its final isolation and elimination."

When he spoke, the President recognized that organized crime today has many faces, some not well known to law enforcement, but all too familiar to its victims in all parts of this country.

This Commission traces its lineage to the Kefauver Committee of the 1950's, which exposed a view of organized crime in America later clarified by Joseph Bonanno in his autobiography. Bonanno described the many faces of organized crime this way: The Kefauver Committee assumed "the Mafia" was a monolithic organization that controlled organized crime in America. Such a body, as defined by the Committee, doesn't exist.

Organized crime embraces a lot of people - not just Sicilians, but Jews, Irish, Puerto Ricans, Cubans, Blacks, Anglos, you just name it.

Joe Bonanno knew what he was talking about. Bonanno might have added that the victims of organized crime are as diverse as its participants.

The President's Commission has begun to develop the first comprehensive picture of criminal organizations operating in this country which trace their roots to Asia.

Testimony presented during the next three days in New York City are parts of a mosaic which, when completed, will represent a long overdue public exposure of this hidden side of the underworld. Today, organized crime is an international

phenomenon and must be attacked in that way.

The hearings will consist of primarily three elements. First, an exposure of Triad Societies known also as "secret societies" or "black societies" whose origin is found in hundreds of years of Chinese history.

The hearings will explore the relationship of these Triads, with the Tongs and street gangs, and their responsibility for about 20 percent of the heroin imported into this country, all of which originates in Southeast Asia.

Also, the Commission will expose the developing Asian connection of La Cosa Nostra and the sophisticated international money laundering capabilities of the Triad heroin networks.

In 1977, the People's Republic of China is expected to exercise sovereignty over Hong Kong. If past history is any indicator, this new government will pose a threat to the 80,000 or so Triad members now operating in Hong Kong, where mere membership in a Triad, or attendance at a Triad meeting, is a criminal offense.

The Commission has uncovered evidence that some heroin money laundering operations are .

already being displaced from Hong Kong. Although Triads now are operational in this country, future events could pose the risk of a migration of entire criminal organizations to this and other countries.

Second, the hearings will expose the nature of the Japanese organized crime group known as the Yakuza, also established hundreds of years ago in Japan.

For the first time, the public will hear an insider's view of the Yakuza, which has begun to make inroads into Southern California and has forged a specific operational link with elements of La Cosa Nostra in New York City, which also will be exposed publicly.

Third, the Commission will provide a view of the emerging problem of violent Vietnamese gangs which operate primarily in Southern California, Houston, New Orleans and Arlington, Virginia.

The criminal activities of these groups have created enclaves of terror in various parts of the United States, including New York's

Chinatown, several blocks away from the site of the Commission's hearings.

For the residents and businessmen of these enclaves, being an American means something different than it does for you or me.

Extortion, corruption, protection rackets and murder are an accepted fact of everyday life. The victims of the Triad heroin distribution networks include addicts across the country -- from Brooklyn's Bedford Stuyvesant to East Los Angeles. Their resultant impact on street crime is obvious.

Testimony at these several days of hearings will come from many sources, including insiders testifying either voluntarily or through compulsion, victims and experts from law enforcement.

To underscore the importance of the international aspects of organized crime, the Attorney General of the United States will be the lead-off witness.

A number of these witnesses are risking their lives by testifying before the Commission. For that reason, their identity cannot be disclosed nor can we advise you in advance as to which topic will be

covered on a particular day.

All of the power granted to the Commission by the Congress has been important in developing the information presented at the hearing.

With the assistance of the U. S. attorneys in San Francisco, Los Angeles, Boston and Washington, judges of the U. S. District Courts have ordered various persons to testify on the subjects to be explored by the Commission.

The Commission has secured court orders directing the testimony of various individuals before the Commission. On occasion those court orders have been defied.

One witness refused to testify, was held in contempt and ordered incarcerated overnight. The next day he agreed to testify and the substance of his testimony will be presented to the Commission at these hearings.

A second witness has likewise defied our court order to testify before the Commission and has been ordered incarcerated.

All of the powers granted by the Congress to the Commission were essential to put together the testimony which will be presented during these

next several days including testimony of victims and experts in law enforcement on these various Asian criminal organizations.

We do have security concerns for some of the witnesses who are about to testify. We think as they do that their lives are in danger as a result of the testimony which they're about to give.

For that reason we cannot provide their identities to you in some cases, for that same reason we cannot advise you in advance of the specific day that a certain topic will be covered during the course of the Commission's hearings.

I am prepared to answer any questions that you might have about the hearings themselves or about other work that the Commission might have underway.

A REPORTER: Can we have a copy of your remarks?

MR. HARMON: Yes.

A REPORTER: How long will the hearings last?

MR. HARMON: Three days; Tuesday, Wednesday and Thursday, starting at 10 o'clock in the morning and extending until approximately 2 o'clock in the

afternoon.

A REPORTER: Can you give us the names of your "star witness" or "star witnesses"?

MR. HARMON: Some of the witnesses will not be identified at all.

A REPORTER: How about those that can be identified?

MR. HARMON: I can't do that in advance. For those same reasons, those security reasons.

A REPORTER: How many people are currently incarcerated because they defied court orders to testify?

MR. HARMON: At this point in time there is nobody actually incarcerated.

A REPORTER: One person was incarcerated and is free to testify, what about the other one?

MR. HARMON: There has been a court order directing that that individual be incarcerated. The matter is still under litigation as of this point.

MR. BRILL: Excuse me, can you all hear the questions?

MR. HARMON: The question was how many people at present are incarcerated. The answer is

that at this point nobody is actually incarcerated. There is one person who was ordered to be incarcerated after his refusal and that matter is still in litigation and we expect a resolution of that today.

A REPORTER: What are the procedures for cameras?

MR. HARMON: You will have to ask Art that. You mean insofar as taking witnesses? As to the witnesses whose identity is protected?

A REPORTER: Yes.

MR. HARMON: You will be able to have the cameras on as they enter the room.

A REPORTER: How many witnesses will there be?

MR. HARMON: I would say for this hearing approximately a dozen subpoenas requiring people to testify either at this hearing or in depositions leading up to this hearing.

A REPORTER: Wait a minute. You say we can have the cameras on as they enter the room, you mean we cannot shoot the testimony?

MR. HARMON: Yes, you can shoot the testimony. They will be sitting behind the --

a screen as they testify.

A REPORTER: How many will be inside the screen?

MR. HARMON: Five witnesses.

A REPORTER: We can take their picture as they walk in, but we can't see them testify?

MR. HARMON: That's right.

MR. BRILL: They will be behind a screen.

In other words, most witnesses you will be able to see. There is no problem, but there are some witnesses because of security reasons, because their lives are in danger that they are going to have to come in under certain security precautions and will testify behind a closed screen.

You know, such as James Frattiano was here last March and he testified behind a screen.

A REPORTER: Are these going to be the same witnesses like Frattiano who have already been on national television?

MR. HARMON: No.

A REPORTER: Mr. Harmon, what does all of this mean to the average New Yorker? I mean how is this relating to street crime? How does it relate to the average working New Yorker?

MR. HARMON: Well, one of the things that -- the impact of these groups extend beyond New York City. They do have national impact; street crimes.

I think it is well known that a majority of the homicides that are committed is related to traffic in narcotics and what we are talking about primarily when we're talking about the Chinese Triads are major heroin networks that produce and are responsible for approximately 20 percent of the heroin market of the United States.

This is felt in turn by the people who are victimized by addicts who must support their habit by robbery, burglaries and other crimes which local authorities are in the best position to handle.

Beyond that we will attempt to show that the problems posed by these groups are felt not only by cities like New York, but also by small towns in a very specific way.

One of those being a small town in California which will describe its problem created by street gangs, Monterey Park, California.

In addition to that no taxes are paid whatsoever on moneys earned by these criminal

organizations.

In turn, the average person has to support the Government by picking up the burden that these criminal organizations -- their failure to pay income taxes.

A REPORTER: Is this hearing in any way going to delve into the relationship or between the Triads and any organizations such as Tong or Tongs?

MR. HARMON: That subject will be explored during the course of the hearing, yes.

A REPORTER: Can you explain the Triad, what is it?

MR. HARMON: Triad is a secret society, organized for the purpose of engaging in criminal activity. Its memberships require the undertaking of certain -- involving a series of oaths.

Once one is a member of a Triad, one is a member of a Triad for life. Part of what we will do during the course of these hearings, is to explain and to draw parallels to the organization, the nature of the operation of La Cosa Nostra and groups like the Triad or the Japanese Yakuza.

A REPORTER: Do they have a national origin,

specifically where is it?

MR. HARMON: The specific origin of the Triad is in China. We will go into all of that at the hearing, start off the evolution, start off the background of the Chinese Triad as well as the Yakuza.

A REPORTER: Who will be here?

MR. HARMON: I can't tell you that.

A REPORTER: It indicates their --

MR. HARMON: It is a phrase that is not used by the Chinese to describe these groups. They are known as Chinese or as Black secret societies.

A REPORTER: Are you going to have members of the Triad testify before the members of the Commission?

MR. HARMON: There will not be an actual member of a Triad testify, but there will be information provided to the Commission publicly from persons who are familiar with the inner workings of the Triad.

A REPORTER: Who would be some of the witnesses, if they are not from the Triad and where will they be from?

MR. HARMON: I can't say at this point.

A REPORTER: Other than a victim.

MR. HARMON: People who have an insider's view of the operation of the Tongs and the street gangs, either because they were members or because they were victims.

A REPORTER: Could you tell us about how many Triad members you figure there are in this country at this time?

MR. HARMON: We will have to wait for the hearing.

A REPORTER: Could you tell us more about Monterey Park, California, what will be discussed and when it will be discussed?

MR. HARMON: That will be discussed the second day of the hearing.

One of the purposes of the hearing is in addition to bring it to the American public's attention, the existence of these groups, their status as well organized -- well functioning groups is to begin to explore specific and particular problems posed to law enforcement in investigating them.

It may require new tactics, new techniques. It may require for law enforcement to take a

different view of the organized crime today.

The Commission is in a position to make recommendations both to law enforcement agencies and Congress by way of legislation that would address ways in which these particular groups may be more effectively investigated and prosecuted.

A REPORTER: Do you have a brief synopsis as to what topics will be discussed on each day? For instance, you said --

MR. HARMON: I can't even do that.

A REPORTER: Sir, does your assessment indicate that the federal thinking on the Mafia, the existence of the Mafia, whether it is here or whether it is a figment of someone's imagination --

MR. HARMON: The Mafia is a very real operation. It is an idea that simply cannot be corrected. It is a very real organization, it exists in this country, it is part of an international network and also operates outside of the United States.

It operates in various parts of the world.

A REPORTER: Here's one of the problems that I as a report have with hearings like this. There are so many people that talk about the

existence of organized crime and yet you see very few convictions of organized crime figures. What we do see is convictions of small time street criminals and we never see any developments of the bankers that are financed here.

Why do you continue to have these hearings?

MR. HARMON: Well, let me first address the question of banks and bankers.

The Commission has prepared a report which will be submitted shortly to the President and to the Attorney General which deal with this very subject. That is the role of financial institutions and/or organized crime.

Turning to the other issue which you raised as to whether or not top level people have been prosecuted --

A REPORTER: When I say, bankers, I don't mean organized banks, I mean people who put up the money to make this happen and these people on the streets who are known as bankers have enormous -- after commissions of this crime get tremendous publicity --

MR. HARMON: You are right in what you mean that there has developed as a necessary adjunct to the most sophisticated criminal organization.

Somebody who functions as a banker for this organization, to launder the money, to put it in a form for that organization, to further capitalize its operation, we have focused and have addressed those specific individuals, who I think now are entirely separate and distinct categories of organized criminals.

That is addressed in the report that is about to be submitted to the President and Attorney General.

However, it is wrong to say that there have been no successes as far as the mob is concerned.

We are aware of successes that have taken place over the years. There has been a recent indictment in the Luchese family in Suffolk County and Tony Corollo. There are indictments pending here.

The Commission has been aware of the developments of Thomas Fischetta in Italy as they will develop. The Commission has further spoken for example, one of the financiers that you described, McNally Sindona, all of these things the Commission has been aware of because law enforcement is having successes with the Mafia

and because we anticipate further successes. The Commission has decided to take a strategic look, a long term view of the problem and get the aspects of it that is not well known to the American public and which law enforcement, frankly does not have a good fix on.

A REPORTER: Without compromising your investigation, is Mr. Sindona, is he one of your witnesses?

MR. HARMON: No, not at this hearing. Not during any of the hearings this week.

A REPORTER: Are you saying that Triads are now operating here or the Triad, it is operating here in New York and in other parts of the country?

MR. HARMON: That is right. A Triad, you should think of a Triad society as the equivalent of a Mafia family. It does have some variations in structure, but it is comparable and equivalent to what people generally think of as the Mafia family. It does have a hierarchy, it does have a way to discipline, it does have a way to share profits and allocate responsibility and territories and it does have a way to dissolve

disputes among and between various Triad societies.

A REPORTER: Do they have names?

MR. HARMON: Yes. Fourteen K Triad.

I will give you the other ones afterwards.

A REPORTER: Okay.

A REPORTER: Your witness will be inside screens?

MR. HARMON: Some, not all.

A REPORTER: Can you tell me how many members of the Yakuza are in the United States?

MR. HARMON: How many?

A REPORTER: How many of the Yakuza will be appearing here before the Commission?

MR. HARMON: I can't tell you whether a member is actually going to testify or not.

A REPORTER: What are the names, the names of the various Triads?

MR. HARMON: We will expose the structure, the names, the rituals.

A REPORTER: Chinese names, Japanese names?

MR. HARMON: Yes.

A REPORTER: Will the names be spelled out, the name Wong?

MR. HARMON: Yes.

A REPORTER: They are the same?

MR. HARMON: The names will be spelled out.

A REPORTER: And in Chinese?

MR. HARMON: And the Anglicized name.

A REPORTER: Can you elaborate about anticipating if you are going to expose the structure, what else will be exposed?

MR. HARMON: The structure, the ritual, the nature of the organization, the types of criminal activities that they're involved in.

The extent to weigh there, is the attempt to get international control, centralized control for the groups that operate here in the United States.

It will be a first time exposure of the inside of the Triad organization and it will be a first time exposure of the inside of the Yakuza and its organization.

Its rituals and its ways of disciplining its members, its ways of sharing wealth. The ways in which leadership is passed on from one person to another. How ones moves up in the ranks of each one of these organizations.

In other words, if law enforcement expected to

deal with these groups, it is best to know how they operate, so law enforcement can best attack the problem.

A REPORTER: How did they launder the money here in the United States?

Can you give us detail about that?

MR. HARMON: There will be some detail about that during the course of the hearing itself.

Triads have access to legitimate businesses. They have access to banks, they are in a position to launder money in the scale of millions of dollars. Based on my experiences as a prosecutor and my experience with the Commission in the last year or so, they are able to engage in the most sophisticated money laundering activities, taking full advantage of secrecy laws that might exist in foreign countries.

A REPORTER: You can't give us any detail?

MR. HARMON: Not at all.

A REPORTER: I think it was mentioned, 79 billion dollars in the initial speech that Judge Kaufman gave, is that still what you're going on in terms of drug trade and if so, would that represent 16 billion or 18 billion?

MR. HARMON: The Commission, that was not a figure that the Commission developed. That was as a result of an analysis by law enforcement.

As of this point in time the Commission has not responded to that analysis any further. That is something we are looking at.

If we think we have developed a technique which will be in this report to begin to estimate the amount of drugs being sold by the amount of money being laundered, which will be exposed in this report.

However, that figure should be approximately correct and it is true that what we are talking about is a multi billion dollar heroin importing network or series of networks.

A REPORTER: So, if you extrapolate from that it would be 20 percent of 79 billion, and so we are talking 18 billion dollars controlled by these Triads, any agent of organized crime?

MR. HARMON: Yes, that is right.

A REPORTER: What was that?

MR. HARMON: 20 percent nationwide.

It varies as to which part of the country receives the most impact, the western part is occupied by

South Asia, heroin. The figure in New York City or Northeast is closer to 20 percent.

A REPORTER: Can you tell us where is that located?

MR. HARMON: Part of Burma, Laos and Thailand. Subsequent to World War II, the Army moved from China in that area, initially this group, Chung United Army began to engage in the heroin traffic to support operations which it thought bring it back to China.

Ultimately the group has turned into exclusively a heroin trafficking network.

As a result of operations in Thailand, most of the Chung United Armies now occur in Burma.

A REPORTER: What kind of person constitutes --

MR. HARMON: I am afraid we can't go into that in detail before the hearing itself.

A REPORTER: How many witnesses do you expect?

MR. HARMON: Insofar as the Yakuza is concerned?

A REPORTER: Yes.

MR. HARMON: There will be four witnesses.

A REPORTER: And when are they coming?

MR. HARMON: I can't tell you that.

A REPORTER: This week?

MR. HARMON: It will be this week. I can't tell you which day we will be dealing with the Yakuza, Triad or the Vietnamese.

For the security reasons which I ask you to accept, are very real insofar as these witnesses are concerned.

A REPORTER: Without mentioning specific names, could you tell us any members of the local families, crime families who will be testifying the next few days and on Thursday?

MR. HARMON: You will have to wait for the hearing for that.

A REPORTER: Like say maybe one from this family and one from the other, so that we can write our story.

MR. HARMON: I think--

A REPORTER: You are going to tell us later?

MR. HARMON: You may be falling into the trap of thinking of organized crime as the Mafia alone. It is a lot more than that and we think that if you are looking for something of interest to write for the people for the City of New York, I would ask

you to look at Chinatown. You will hear Triad members, street gangs and the heroin trafficking, the people that live and work in New York City's Chinatown, for example.

Anything else?

A REPORTER: I am interested about Monterey Park, California. What are going to talk about?

MR. HARMON: In general terms we will explain how law enforcement, a very small Police Department in that city anticipated problems with street gangs, took measures to counter what they thought would be a problem in the future and how because of recent migration from Hong Kong, despite their best efforts, they have a serious street gang problem which also manifested in economics.

That is the best I can tell you.

A REPORTER: How many witnesses will talk about that?

MR. HARMON: Two.

Each witness will give a statement and then respond to questions.

In the event that hostile witnesses testify, their questioning will take place in a different way.

A REPORTER: Will you have a briefing?

MR. BRILL: We don't really plan on doing that. If certain questions need to be resolved we will take that as it occurs.

A REPORTER: Do you have a Triad represented by 20 percent, what is the other percentage of the drug traffic?

MR. HARMON: Mexican heroin and heroin from Southwest Asia.

A REPORTER: But, I mean --

MR. HARMON: Which represents a bulk of the heroin brought into this country as of today.

A REPORTER: And that is controlled by what, the Mafia?

MR. HARMON: That is primarily known as the Herrero Organization, which supplies primarily the midwest part of the country and Chicago. This is the Mexican heroin.

A REPORTER: What about Southwest Asia?

MR. HARMON: That appears in all parts of the country. Southwest Asia heroin. Southwest Asian heroin represents a majority of the heroin market in the United States.

Southwest Asia heroin appears in all parts.

Heroin produced in Mexico which is brought in by the Herrero Organization finds its way to the midwest part of the United States.

Pakistan, India, occasionally Afghanistan.

Are there any other questions?

Thank you very much.

(Whereupon, these proceedings were concluded.)

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

OPEN HEARING

October 23, 1984

26 Wall Street  
New York, New York

JUDGE IRVING R. KAUFMAN, CHAIRMAN

THE CHAIRMAN: I would like to welcome you to this public hearing of The President's Commission on Organized Crime.

When President Reagan established this Commission in July, 1983, we were charged with the mission of exposing the nature and scope of organized criminal activity to the American people. Since the Kefauver and McClellan Committees completed their work thirty years ago, the character of organized crime in America has undergone a dramatic metamorphosis.

Indeed, there exists today a new genre of organized criminal activity that threatens to cripple the very fabric of American society. The headlines of our nation's newspapers report the nefarious activities perpetrated by these organized crime groups.

During the past three weeks, the press has provided extensive and intensive coverage of the so-called Sicilian connection in the international heroin trade. This case is extraordinary. It demonstrates that Sicilian crime groups can operate independently of American crime families.

At previous hearings of this Commission and in my testimony before Congress, I have referred to

organized crime as a cancer, and this metaphor fairly characterizes the role of criminal cartels in narcotics trafficking. Not only do illegal drugs wreak havoc on the persons using them, but the drug trade also spawns a host of other illegal activities, ranging from petty theft to the corruption of public officials, and in its most violent form, murder.

Because the drug trade is so lucrative, it has attracted the attention not only of traditional organized crime, but also new, so called "emerging" criminal organizations. At upcoming hearings we intend to focus on the importation of cocaine and marijuana from Latin America, the trafficking heroin from South Asia and Europe, and other aspects of this national problem. Today our inquiry will focus on several crime groups that trace their origins to Asia and control the importation of heroin from Southeast Asia's Golden Triangle.

Our investigation has also established--and we will demonstrate through our hearings in the next several days--that these groups not only engage in the drug trade, but in a wide variety of other unlawful endeavors including illegal gambling, extortion, money laundering and the infiltration of

legitimate businesses. These criminal enterprises are well organized and active throughout the United States and internationally. Moreover, as our hearings will reveal, these new crime groups have developed ties with traditional organized crime, and law enforcement authorities are seeing increased evidence of such cooperation and coordination.

This week of hearings represents the continuation of a long journey for The President's Commission on Organized Crime. We have made significant advances during the early stages of our investigation but until this hearing we have been unable to compel the testimony of witnesses through subpoenas.

As our work continues, we shall convene with increasing frequency to examine and expose the full scope and nature of organized crime in America.

In addition, we will issue interim reports that include our findings concerning particular areas of unlawful activity, and recommendations to enable law enforcement authorities to attack more effectively the cancer of organized crime. As always, our work will be directed toward the fulfillment of the President's mandate.

We are grateful to the Attorney General for his

personal interest in our mission, and are pleased that he has agreed to appear at this hearing to discuss the Sicilian connection and its impact upon organized crime. Under his able stewardship, the Department of Justice has provided invaluable assistance and cooperation to the Commission. We sincerely appreciate his abiding support.

ATTORNEY GENERAL WILLIAM FRENCH SMITH

I am pleased to call upon the Commission's first witness this morning, the Attorney General of the United States.

I now invite you to deliver your remarks to the Commission.

MR. SMITH: William French Smith, Attorney General of the United States. Thank you very much, Judge Kaufman, members of the Commission.

THE CHAIRMAN: I already said that we're pleased that you have come here and let me say personally that I am delighted that you are here.

MR. SMITH: I particularly appreciate that because yesterday when I was introduced, the introducer concluded his remarks by saying I am sure that all of those of you who have not already heard him are looking forward to his remarks. I hope that my remarks today

will be perhaps a little better appreciated.

I certainly am pleased to be here in New York as The President's Commission on Organized Crime continues its very important work.

My objective this morning is threefold. First, I am here to announce that the Federal Government is now achieving its greatest successes ever against the traditional organized crime families entrenched for so long in our major cities.

Second, I am here to declare that the Federal Government has now, for the first time ever, developed a comprehensive response to the international dimensions of organized crime that is already proving extremely successful.

Third, I am here to state that we must build upon the successes achieved against organized crime both here and abroad by developing a solid base of information with which law enforcement can most effectively counter the new crime cartels emerging in the Far East and spreading to the West.

Today, I am pleased to report that at no time in our nation's history have so many organized crime leaders in so many of the nation's largest cities been indicted or convicted.

During the past four years the leaders of crime families in New Orleans, Kansas City, Detroit, Milwaukee, Denver, Philadelphia, Los Angeles and Cleveland have been largely immobilized by heavy prison sentences. The syndicates in no fewer than ten cities have been forced to rely on secondary leadership.

This decimation of the organized crime leadership in the United States, which is the result of the outstanding work of our Organized Crime Strike Forces, is very important. Where the Government used to report sheer numbers of indictments and convictions, now we can report the results of our actions against those very individuals who mastermind the syndicate's crimes.

We are clearly at a turning point in the history of the fight against organized crime. Over the past quarter of a century, the crime families have been studied, laws have been passed, law enforcement techniques have been refined. But this administration has not only built on the hard work of the past, but also determined that organized crime must finally be reduced to impotence. In my judgment, we may be witnessing nothing less than the beginning of the end

of the traditional organized crime that has plagued our nation for so many decades.

Just as we are at a turning point in the battle against the crime families in this country, we are also at an important juncture in a related battle--the global fight against organized crime. Previously the Government's responses to international aspects of organized crime were ad hoc. There was no comprehensive response. That has changed. Indeed, it has had to change.

During my four years as Attorney General, I have been continually impressed with the degree to which organized crime has entered a new historical phase--its international phase. This development is directly related to drug trafficking, a very lucrative enterprise. Today, the distance between New York and Palermo is no greater than that between New York and Chicago.

Our response to organized crime has been comprehensive, addressing each of the dimensions of the problem. Because sixty-five percent of the marijuana and nearly all of the cocaine and heroin used in the United States come from abroad, much of it grown in Asian and South American countries that I visited in

1982 and 1983, we have entered into major crop-control agreements with three of these nations--Pakistan, Peru and Bolivia. We have also successfully encouraged other nations to reduce their drug crops or substitute legitimate crops in their place. Furthermore, we have successfully encouraged drug-producing countries such as Pakistan, Peru, Colombia and Bolivia to locate and destroy refineries and laboratories.

Another part of our international response is cooperative interdiction. American assistance has proved instrumental in interdiction efforts in Brazil, Peru and Colombia, where we have seen perhaps the most impressive interdiction results.

In 1982, 3,400,000 kilograms of marijuana, 881 kilograms of cocaine and 1,538 kilograms of cocaine leaves were seized. And last spring, the Colombian National Police landed at a secret airstrip and raided a cocaine processing complex north of the Yori River, seizing cocaine worth approximately \$50 million wholesale and as much as \$2 billion on the street. That is a seizure without precedent in narcotics enforcement.

In addition to these efforts, we have also undertaken a program of negotiations with other nations

designed to fashion arrangements under which we can avoid the usual diplomatic apparatus and deal directly with our law enforcement counterparts on justice-related issues. Specifically, we have sought mutual legal assistance, extradition, and prisoner exchange treaties.

Since 1981 the United States has completed, negotiated or began negotiating mutual assistance enforcement treaties with some thirteen nations. Treaties with Turkey and the Netherlands are now in effect. A treaty with Colombia awaits Colombian ratification. Treaties with Italy and Morocco--treaties the United States entered during my visits to those two countries in the Fall of 1983--will soon take effect.

A treaty with the Federal Republic of Germany has also been negotiated. In progress are treaty negotiations with Canada, Israel, Jamaica and Thailand. Planned are negotiations with Sweden, Panama and Costa Rica. And the Bahamas have expressed interest in pursuing a mutual legal assistance treaty.

Meanwhile, in a related matter, we recently signed an agreement with the United Kingdom and the Caymen Islands that allows prosecutors in the United

States to obtain on an expedited basis financial data and other document needed in drug-related investigations.

Since 1980 extradition treaties with seven nations--Turkey, Colombia, the Netherlands, Mexico, Uruguay, Sweden and Italy--have entered into force. Extradition treaties with Ireland and Costa Rica await exchange of ratification documents. Similar treaties with Thailand and Jamaica are almost concluded. And negotiations for extradition treaties are underway with Switzerland, Belgium, France and Israel.

Indicative of the cooperation among nations today are the joint efforts of law enforcement authorities of two and sometimes more nations in international organized crime cases.

On August 7th of this year, for example, a Federal Grand Jury in Miami indicted fifty-seven defendants in connection with five continuing criminal enterprises and multiple conspiracies involving the importation into the United States from Europe, Canada, South America and the Bahamas of multi-ton quantities of methaqualone and marijuana, as well as multi-kilo quantities of cocaine.

The indictment culminated a two-year

international investigation that required the coordinated efforts of the Royal Canadian Mounted Police; the National Police Force of West Germany law enforcement officials of Panama, Austria, Spain, the Bahamas and Colombia; and, of course, the Drug Enforcement Administration and the Federal Bureau of Investigation.

Also, last April Spanish authorities arrested a notorious Sicilian Mafia drug trafficker and fugitive from Italy. His arrest initiated further arrests and searches of residences and businesses in Illinois, Wisconsin, Michigan, Pennsylvania, New Jersey, New York--and Italy and Switzerland.

So far, forty-one individuals have been indicted in connection with their involvement in a heroin trafficking ring that laundered more than \$54 million in banks in the Bahamas and Switzerland. This case was made possible because of cooperation among American, Swiss, Italian and Spanish law enforcement authorities.

As a direct result of contact between the President of the United States and the Prime Minister of Italy, and between myself and my counterpart in Italy, a joint U.S.-Italian Working Group to Combat

Organized Crime and Narcotics Trafficking was established this year. Earlier this month in Washington, the group met for the first time.

The day before our meeting the United States, acting under the new extradition treaty with Italy, extradited an Italian already serving a 25-year sentence here who faces trial in his homeland. On that same day, also acting under the new treaty, we ordered the arrest of twenty-eight Italians wanted in connection with Italy's recent highly publicized crackdown on its Mafia.

Italian authorities believe on the basis of information provided by a leading crime figure sent by Brazil to Italy this past summer--a crime figure thought to be the mastermind of drug trafficking between Sicily and the United States--that all twenty-eight were involved in the heroin trafficking case that began breaking earlier this year.

These events are reason for optimism that the Government can continue to make progress against organized crime. So, too, is the passage of the most comprehensive federal crime bill written in recent years. Reforms in the areas of bail, sentencing and forfeiture, in particular, will prove of great

assistance in countering the cartels. Reforms in these areas by our state houses would further strengthen the law enforcement response.

Nonetheless, I must report to this Commission one problematic area of the law that still needs reform. Law enforcement officials have long recognized that perhaps the key to any successful investigation of organized crime depends upon an informant, someone on the inside of a crime ring who, for whatever reason, has decided to cooperate.

We need these informants, especially when crime networks stretch around the world. We also need the cooperation of foreign governments in the exchange of information on crime rings. But requests both for informants and for exchanges are hampered by defects in the Freedom of Information Act.

We can offer informants very little if we cannot offer them freedom from reprisal. FOIA has an exemption for informers that allows us to blot-out names and the like. But organized crime figures have increased the number and sophistication of their requests. DEA now estimates that three of every four FOIA requests it receives come from organized crime figures or people with connections to organized

crime. The documents requested are used as pieces of a puzzle, and when pieced together, form a mosaic of information that by elimination can point to an informer.

Our law enforcement counterparts abroad are aware of the defects in our FOIA structure. In a conversation I had with Japanese Minister of Justice Sakata, he stated to me that Japanese authorities would be much more forthcoming with information on Japanese organized crime cartels were it not for the possibility that this information would eventually surface in public through the FOIA process. Nor is it just the Japanese who have these worries.

The Royal Canadian Mounted Police, to cite a different example, continue a policy of extreme caution in supplying U.S. officials with information that may have an adverse impact on their informants. Such caution is also demonstrated by some of our own local law enforcement agencies. We have taken these concerns to Congress and pressed for FOIA reforms to assist us in the fight against organized crime. But so far we have been unsuccessful in gaining the exemption that we believe is a critical need.

I have mentioned the Japanese Mafia, and this brings me to my third objective this morning--discussion of the new crime groups based in the Far East.

I understand that the Commission will be focusing on these groups during its hearings this week. I believe your inquiry is quite appropriate. The more that is known about these emerging groups, and the earlier it can be known, the better. We must learn the lesson of the past; we must stay in front of the emerging crime groups so that they do not become so entrenched that they become all but impossible to root out.

We only recently began to make a systematic study of the Asian-based groups, and this morning I will focus on two of these--the two major groups, in our judgment.

Based primarily in Hong Kong are the Chinese Triad Societies. We know they have been involved in the United States in the operation of illegal gambling casinos, loansharking, extortion and drug trafficking. Violence accompanies their criminal work, and in some cities there are increasing indications of collaboration in the areas of narcotics trafficking and gambling between these groups and traditional

organized crime.

Operating out of Japan is the Japanese Yakuza or Boryokudan, the term preferred by the National Police of Japan. The Yakuza, which drew front-page attention in the WALL STREET JOURNAL just this past Friday, are composed of approximately seven major gangs that are similar in composition and hierarchy to the traditional organized crime families in this country. The Yakuza engage in many of the same criminal activities as the L.C.N., and we suspect collaboration in the areas of pornography, firearms and stimulant drug smuggling back to Japan.

We believe these Japanese organized crime elements are involved in a new form of corporate extortion. This is how it works: So-called "sokaiya" groups become shareholders of target corporations; they then disrupt stockholders' meetings through violence or filibuster techniques unless their often subtle but very profitable demands are met by the corporate leadership. Additionally, as a result of the extremely large sums generated through their illegal gambling operations in Japan, these groups have vast capital to invest in world-wide interests and they may be intent on taking over legitimate

corporations.

As I said, we are just beginning to learn about these groups. What we know is often sketchy. In order to make as strong a response as possible to these groups, the Department of Justice would like to know more--much more. Among the many questions we have are the following:

In regard to the Chinese Triad Societies, granting that there are some legitimate triad societies, which ones are they, and which are not? To what degree have the illegitimate groups penetrated the Chinese communities in our large cities? How do these groups operate? Do they use the same techniques as traditional organized crime, or largely different ones? How involved are they with traditional organized crime? And what is the nature of this involvement? Does the potential exist for the establishment of an international cartel with connections from Palermo to New York--and then to Hong Kong?

Furthermore, given the fact that Hong Kong will become part of mainland China in 1977 and that because of this fact there is now occurring an exodus of Triad Societies' assets into other parts of the

world, is some of this money now coming into the United States? Where is it being invested?

In regard to the Japanese Yakuza, what is the extent of their involvement in the United States? Is it primarily in Hawaii and the West, or has the Yakuza become involved in criminal activities on the East Coast, and indeed across America?

What is the involvement of the Yakuza in the Japanese tourist trade? How more precisely do the Yakuza attempt corporate extortion? And what is the nature of their apparent alliance between the Yakuza and traditional organized crime?

Again, these are just several of the many questions we have about these groups. Your inquiry into these groups is timely. We look forward to the results of your investigation, and to fashioning a more effective response to these new organized crime groups on the basis of the information you discover.

Thank you very much for inviting me to appear here.

Mr. Chairman, I appreciate the opportunity to deliver these remarks and I certainly want to wish you all well in your undertaking this week and in the

future.

THE CHAIRMAN: Thank you very much, Mr. Attorney General.

After all you were the architect for this Commission and you have every right to be here and to make the suggestions to us which we hope you will do from time to time.

I have asked members of the Commission to refrain from putting any questions to you because I know your busy schedule, but as the Chairman I will violate that rule immediately. I will be very brief.

First, let me endorse your statement. This inquiry we are making into Triad and Yakuza, whichever way it is pronounced, is a very vital part of the ring. The difficulty is that so few Americans have ever heard of them and many of them ask what are we doing with starting with them instead of the classy group known as the Mafia or La Cosa Nostra, which we will get to.

We in the Commission believe that we don't want to happen in these instances, these groups being such criminals, generally, we don't want to happen what happened in this country with La Cosa Nostra.

In short, it has continued for so many years

before anybody was able to catch up with them and so the mandate from the President, you will recall, was that we pay attention to emerging groups and that was your idea as well as that is precisely what we intend to do with these hearings starting this morning.

The second thing I would like to say that all of us were interested in the headlines we read in the newspaper about the agreement you have made with the Italian government and the extradition, as I understand it, Bucetta, is that his name, is there anything you feel free to tell us about that?

MR. SMITH: Well, I might say first that the relationship that we have with law enforcement authorities in Italy have been excellent.

As a matter of fact, I think I can certainly say without qualification that they couldn't be better.

The Italian law enforcement authorities have the same problem that we have with drug trafficking and organized crime and that is that there are a number of agencies that deal with this problem as there are in the United States. That on a nuts and bolts basis created some problems, in that it

became important to devise methods and means about which our law enforcement agencies, the Drug Enforcement Administration, the FBI, could deal directly with their opposite numbers in Italy without going through the use of diplomatic apparatus and so on, and that problem was recognized both by Italian authorities and by us. The idea developed when I was in Rome in 1983, that the discussions with the Minister of the Interior, Scalfar, that we ought to be able to put together a group of high level law enforcement people, those who could make decisions which would not involve the establishment of a new bureaucracy. So, that in developing this relationship, if obstacles were to occur, again, nuts and bolts operating level, if there would be a group that could review that situation and move those obstacles, I think law enforcement efforts, it would make it that much easier and that was the birth of the idea of the joint working group and it is interesting that our ideas with respect to that were almost identical from their standpoint and from mine and when the Prime Minister was here visiting President Reagan in November of that year, they highly supported that concept and announced at that time creation and

I was designated as the co-chairman and Minister Scalfar was the co-chairman on the Italian side. Since that time have put together our respective members on that group and each one of them is the head of a law enforcement agency and is in a position to make a decision themselves without further complication.

We had our first meeting earlier this month. It was a highly successful meeting. If this concept works and we have every reason to assume that it will, both Minister Scalfar and I think that it could well be expanded to include other countries, other nations, either through a single group or through several groups, but when you consider the nature of the international crime traffic these days, it really is in a way surprising this has not become necessary before.

But, in a very real way that first meeting we had this month was historical because it had never been this kind of approach to this problem before and we were very optimistic about it and we think it will be successful and we think it should be expanded to other countries where similar problems exist.

THE CHAIRMAN: Thank you.

Congressman Rodino is the Chairman of the House of Judiciary Committee and asked me to inquire of you whether you're making similar arrangements with other countries.

MR. SMITH: We haven't quite reached the same stage with other countries, but what we have done and are doing as I indicated in my remarks to undertake a program of developing mutual assistance law enforcement agreements.

They are really sort of the, you might say, preliminary steps. We did the same thing with Italy. We signed a mutual assistance law enforcement treaty with them earlier and I suppose in one sense you can say that it is a part of the evolutionary process and we are doing that with a host of other countries where we have similar problems and I will certainly hope and anticipate the same kinds of arrangements could be made with some other countries where we have similar problems.

THE CHAIRMAN: Thank you.

I would like to make this statement, Mr. Attorney General, before you leave.

You are aware that this Commission has prepared

an interim report to give to the President on money laundering and the very importance of it. You can see how the Commission operates. We operate privately, preparing reports, investigators are doing their investigations and occasionally we have an open hearing. The money laundering report is ready, it is a voluminous report.

What we have always believed is that we have to make organized crime unprofitable, and money laundering exposure involving organized crime has been able to take the illegal profits and turn them into clean money, invest it.

I do hope that we will have an opportunity to make that presentation to the White House before too long.

Having said that I will say that on behalf of the Commission we are most grateful to you, Mr. Attorney General, for your interest, for the drive you are giving and leadership you are giving in the battle against organized crime and we will be looking to you and we hope it will be a long time before you go back to California, but in the meantime, we will be looking to you to give you every assistance and thank you very much for your

appearance.

MR. SMITH: Thank you and congratulations on the fine work you are doing.

JAMES D. HARMON, JR., EXECUTIVE DIRECTOR

THE CHAIRMAN: I will now introduce to you our General Counsel Executive Director, James Harmon.

MR. HARMON: Thank you, Mr. Chairman.

While it is true that the specifics of the Commission is to examine organized crime in this country, it is equally true that what is occurring in the United States is linked to the events of organizations of an international character and that organized crime must be attacked, for the attack to be successful, on an international basis.

The topic to be addressed in the next few days is organized crime of Asian origin. Me and the Commission are aware of past successes against traditional organized crime families in this country and are aware of anticipated successes in the future.

Our chief investigator, for example, supervised the New York aspect of the case which has come to be known as the Pizza Connection. We have followed the extradition of Michele Sindona and are aware of

the developments of Thomas Bucetta.

With regard to the situation with La Cosa Nostra, the Commission made the decision to defer an analysis of La Cosa Nostra in a public way until the situation became more crystalized.

It is for that reason that we are focusing on these Asian groups during the three days of hearing.

While these Asian groups and others which we will expose are outside of the traditional understanding of organized crime in America, experience, including the very recent experience described by the Attorney General, has taught us that we should be guided by, but not confined to traditional use of organized crime.

It is useful to note that La Cosa Nostra, our traditional and well organized organized crime group, has about 2,000 members in the United States.

The groups we will examine here in the next three days have tens of thousands and have hundreds of thousands of members world-wide.

Our selection of this week's topic was a natural consequence of our last hearing held here

in New York last March concerning the subject of money laundering.

As we pursued our investigation subsequent to that hearing, an investigation of the illegal movement of cash, an investigation which led to the preparation of our first interim report which will be presented to the President very soon, our inquiry led us to activities which generate large amounts of dirty cash.

In particular and ~~foremost~~ among those activities, cash generated by narcotics trade. Inevitably our inquiry focused on Hong Kong and from there to the golden triangle of Southeast Asia. It became clear that we were dealing with well nurtured, tightly controlled groups. Heroin does not appear on the streets of this or any other cities as if by magic.

The tentacles of the Chinese Triad Societies run from the hills of Burma to the financial centers of Hong Kong, to the many streets of this and any other American cities.

We began to see links developing to the heroin traffic organization of La Cosa Nostra.

Our inquiries have revealed that in many ways

we in the United States are not prepared to deal with the current problem. We have thus far too few police officers with the language and other skills necessary to gather intelligence and to penetrate these particular crime groups.

When the People's Republic of China exerts its sovereignty over Hong Kong in 1997, it is possible that the thousands of addicts, members of Triad Societies, bankers and public officials relating to that will be forced to relocate to this and other countries.

We will present evidence this week concerning the Japanese Yakuza, an ancient criminal society with more than 100,000 members, many of whom have begun to migrate to the United States.

These groups have a long history of involvement in the traditional organized crime activities such as gambling, extortion and **prostitution** as well as some unique activity of their own to which the Attorney General has alluded.

We will also present evidence here of the violence practiced by organized criminal factions within the Vietnamese community within this country. These gangs have terrorized countless victims among

their own countrymen.

FENTON BRESLER

With your permission, Mr. Chairman, I will call the first witness.

THE CHAIRMAN: Proceed.

MR. HARMON: I call Fenton Bresler.

THE CHAIRMAN: All right, Marshal, administer the affirmation to the witness.

F E N T O N      B R E S L E R,      having been duly affirmed by the Marshal, testified as follows:

MR. HARMON: Fenton Bresler, the Legal Correspondent of the LONDON DAILY MAIL for more than thirty years. He is the author of THE CHINESE MAFIA as well as several books on war and crime.

You may begin, sir.

MR.BRESLER: Mr. Chairman, Members of the Commission, I am a practicing barrister in my own country in England. I was called to the Bar not too long ago in June, '51, and ever since I have continued with writing newspapers, magazines and various books.

In fact, it was a combination of my legal practice and of writing that led me here today. Because it was in the Fall, as you Americans say,

of 1977, that a friendly publisher said, Fenton, what do you want your next book to be and at that time we were having at the Old Bailey in London, some trials going on, Chinese suddenly appeared.

There were court trials, in fact some members of my own chambers were defending them and what was this all about.

So, I said, well, let's have a look at the trials without really thinking, knowing very much about it at all. It just sounded interesting and fascinating.

So, in order to find out a little more about it, I went to a friend of mine who is a British police officer from the Yard, Scotland Yard, and he was very pleased to see me as it happens and so I set off on what one can call a two year voyage of exploration.

I had considerable cooperation from Scotland Yard and also from the American Drug Enforcement Administration.

In October, 1978, and not in 1980, as in my statement, I visited Washington, D. C., met the DEA Administrator, Mr. Bensinger.

I went out in the great big world with support

and encouragement from at least three major law enforcement agencies. I had no preconceptions one way or the other as to what I was going to find or as to what I was going to do.

If you like, I was a one man President's Commission on Organized Crime. And, I have to say that I think you Americans have this expression, injuns and chiefs.

Well, I had tremendous courtesy from the chiefs from wherever I went. If I had to eat all the dinners I was offered, I would be greater in size than I am, but I found that I had far more cooperation and far more real knowledge especially on the Far East from the injuns and from workers and not from the bosses.

My first observation that I will make is that it gives me great pleasure, your Commission is to be congratulated, some of the following witnesses are going to be some of the workers I met, what, four or five years ago now.

So far as the chiefs were concerned, I didn't know what to make of it. Triads in Hong Kong, I was assured, are just young street gangs. Drugs? No, no, they just sell a few on the street, they

are into the normal things of petty crime, prostitution and that sort of thing.

Now, what was it? Was it corruption, was it sheer complacency, was it negligence? You can examine, I don't know what the answer is to that question, incidentally, I think I do, but I'm not going to say.

In Singapore, I was in Singapore, because I work with the Prime Minister as a fellow member of the Bar. I went to see him and as a result what I wrote on that, I went to see a very senior police officer in Singapore and I was asking him about initiation ceremonies that you will hear Triads do in fact carry out.

I assure you gentlemen, it is carried out in New York City to this very day and in other cities.

This senior police officer said what used to be doesn't happen now. Well, what about the tattoos on the arms for identification marks and in the various activities, no, it doesn't happen any more.

I said, can I see your latest report and he gave me a glossy production and I took it back to my hotel and I leafed through it and there were

two photographs accompanying an article. One, I remember was of the instruments captured at a typical trial initiation ceremony and the other was photographs of a man with his arm tied behind his back and at that time tattoos on his arms and the co-author of the article I was reading from was the very same senior police officer who told me it didn't happen any more.

So, what is going on? What is it all about? Very briefly, the history of the Triad movement is some 300 years old. It began in mainland China in the year 1644, when the Chings were overthrown by the Mings and there was a movement formed against these very brave men, very noble men and they formed a group called Triads and the reason why it is Triad is because that signifies its symbol, an equilateral triangle with three equal sides representing the three basic Chinese concepts of heaven, earth and man.

And so, for the next 300 years, the fight went on and like all resistant movements and in World War II, indeed, they were highly ritualized systems. They had their initiation ceremonies, secret hand signals and a hierarchy of officers.

Now, let's look at the initiation ceremony and this isn't just history, because it has been going on in one form or another, and is going on today, I am assured by colleagues of mine. I read the book in London and I saw in New York and other cities.

An initiation ceremony has four essential ingredients. It has to be held in a Triad lodge which is decorated with flags. Two, a large chicken is beheaded and that is to represent what should have happened to in fact the Triads way back in the 17th Century.

Three, the blood from the beheaded chicken is mixed with wine and then the recruits have their blood pricked from the third finger of the left hand.

That is all put into a bowl and then all present drink it to represent, to signify blood brotherhood.

Four, thirty-six solemn oaths of loyalty were sworn to the Triad movement. I would like to give you an idea of what they are like.

Number 30, I must not protect outsiders and oppress my Hung, that is another word for

Triad, I shall be killed by myriads of swords if I do not keep this oath, millions of swords, galaxie of swords striking at the same time.

Number 35, when speaking to outsiders I must be careful never to use Hung phrases or disclose Hung secrets which would cause trouble. I shall be killed by myriads of swords if I do not keep this oath.

Well, the new recruits entered into a society and each rank had its own number. I won't go into details of it, it is safe to say, it is unique in my knowledge of organized crime, although there are various titles that go along the position in the horror.

The real eminence is in the numbers and the individual head of an individual Triad Society, is 489 and the numbers go 426, the Red Pole, et cetera, with the lowest that of an ordinary member being a 49. Why four? Four, it shows you how ancient the whole concept is and, they all begin with four, because the ancient Chinese believe that the world was surrounded by four seas.

So, for 300 years, they were good guys, not bad guys and eventually in the early years of the century

they won in a sense, when the Ching Dynasty was finally overthrown in China in 1911. It wasn't so much overthrown by others, in fact they succumbed to their own deference.

Son Yet Sun was the founder of the Northern Triad. We all remember Chiang Kai Shek. He was a Triad but the old fashioned kind of Triad, and still today, as the Attorney General said, there are Triads who are perfectly legitimate respectable businessmen.

I want to make that clear all over the world, there is a newer kind of Triad that came in when, in fact, they won the battle because in the years of the rule, in Mainland China, right up until 1949, the Triads integrated and deteriorated into what they are today, a criminal element with very little honor or dignity.

They were used by Chiang Kai Shek for jobs his official army wouldn't do. In 1949, General Chiang Kai Shek fled Mainland China, his Triad went with him, together with lots of other decent people as well and I want to make that point clear.

Well, where did they go? We all know that Chiang Kai Shek went to Formosa. Others poured over from the border into Hong Kong and others,

in fact, two whole armies, there were actually the nationalist armies down in south of China, they went into the Golden Triangle, and the Golden Triangle is where Burma meets Thailand and meets Laos, right on the southernmost tip. And there the Triads were formed and placed in power.

Those that were left in Mainland China were designated by the Communists and they were suppressed, whether they were good guys or bad guys, executed by the thousands.

So the Triads in the years following 49 through the 50's, into the 60's, just concentrated on their own situations as before, prostitution, gambling, loans, extortion, blackmail and the rest and a little bit of opium growing and heroin trading down in the Golden Triangle.

It didn't infringe on the outside world until the Americans came into the Vietnam conflict and then suddenly the Triad soldiers in Chiang Kai Shek's old army, in the Golden Triangle found that they had a marvelous new market and that was selling smack, heroin, whatever you want to call it to the young servicemen.

And it is from that date in the late 60's

that really comes the thrust into the world. Coupled with the fact that in 1965, President Johnson had the Immigration Act in this country. So immigration became much easier for Far East Chinese people with the American forces in Vietnam and then it dried up because President Nixon pulled back the soldiers from Vietnam. Suddenly the source of millions disappeared and what did they do, they followed their market.

Where was the market? At that time, the largest, the single force of servicemen they could think of was in West Germany. There is no substantial Chinese community in West Germany. There were in fact sensibly and properly and decently living, two substantial communities, Amsterdam and Rotterdam. And that is where the Triads spread out first of all.

It is no trick that Amsterdam is still the heroin capital of Europe, but they were there to feed the American soldiers in Western Germany.

Then inevitably, with the trouble we have and the sophistication we have, they followed the market even further; they followed it here to the United States. So, in the early 70's, the French

Connection, the earlier Sicilian Connection, it was the very successful campaign going on in Mexico and so there is a situation where Chinese heroin, heroin from Southeast Asia began to commence and when I saw Bensinger, the Drug Enforcement Administrator in October of 1978, he said to me, and I noted his words, "I am deeply concerned as to whether Southeast Asian heroin may fill the gap in the United States domestic supply caused by the success of the Mexican eradication campaign over the past two years."

So much for their own internal activity.

There is another element. It is in fact, it was a United States Immigration official here in New York who was the first to talk to me, he was another ~~worrier~~ about an international conspiracy. He told me this, he said when we used to hit the gambling houses, we always came up with the toll receipts and in a typical toll receipt in these gambling houses you had calls to Londonderry in Northern Ireland, you had calls to London, England, you had calls to Amsterdam, to Hong Kong, to Singapore, to the Philippines, to California, to Dallas, Texas.

He told me in his words, I tell you if I had forty gambling houses, I would find the same toll

receipts every time. To me that shows an international conspiracy, that shows an organization. You said before laundering, remember Northern Ireland, a great deal of money is being spent on guns. In Amsterdam there is always vast money being made.

What is a relationship between the Triad organization outside of the Far East and what I believe their controlling offices in Hong Kong, not only there, but also Taiwan. This is what a DEA informant told me when I met him alone in a hotel room in Toronto, Canada. It wasn't the happiest interview of my life. I much prefer to be in court.

Each specific organization operating within its own territory has its own flag. If I want to become a new Triad head, I have to ask the original guy back in Hong Kong or Taiwan to give me a flag which means I can bring it over and that means this is my territory. The flag is a triangular flag. It authorizes for me to go to the new town and organize my branch.

Theoretically, there is no control over me from the original base, once I have my own flag, I become independent. I am a 489 but really I am only semi-independent. Spiritually I am linked with

the old country.

Digressing there for a moment, I think you will be hearing evidence later on from five gentlemen called the Flying Dragons. The Flying Dragons, in fact are ex-millionaires and I use that advisedly. Ex-millionaires, Hong Kong's staff sergeants in the mid-70's found it necessary to leave Hong Kong. They went first to Canada and now they settled in Taiwan and one of them, NEWSWEEK magazine, January, 1977 called the Six Hundred Million Dollar Man, that is how much they said he was worth in 1977.

So, what does it all come down to? Well, in my considered judgment, it worked out over two years of activity research and maintained activity since that time that there are two basic kinds of criminal Triad activities in operation throughout the world.

Both stem originally from the teeming cities of the Far East which is the forcing ground of the Triad membership, both operate on the basis of an ethnic Chinese network which gives criminals availability to an underground of international criminal activity.

I want to make that point clear if I haven't

done so. This is not a racism presentation. A vast overwhelming majority of Chinese citizens you have in your country, my country and every other country are decent law-abiding citizens, but there is an evil element. A very small element, a very frightening element and the first basic activity, a very loose organization.

It is, in fact, what they told me in Hong Kong, i.e., street gangs, kids, youngsters. Your youth gangs here in the United States, I will come to that, they don't all call themselves Triad. They imitate Triads; the young gangs have their own version of the initiation ceremony here and in San Francisco and Los Angeles, but the second basic patent of criminal activity is more fearsome.

It is, I am convinced, an organized international conspiracy with a strict hierarchy operating from a central base in the Far East, shared between Hong Kong and Taiwan and in my mind more Taiwan and less Hong Kong as we get closer to 1997, with inflexible control over its members and with an almost limitless capacity for criminal evil stretching across the world.

There are two unique characteristics of the

Chinese Mafia. One is its link with heroin. If it were not for the fact that heroin is produced from the poppy fields of the Golden Triangle the Triad would not impinge upon non-Chinese people living in the United States or Europe.

And the second aspect of the Chinese criminal societies that makes them unique in their ruthlessness. Several years ago the Triads were getting heroin from Thailand into Malaysia. You know how they did it? They killed babies and then quickly scooped out their insides stuffing it with heroin so that women posing as nursing mothers would go to the border with their baby asleep in their arms and the other thing is this, I, in London, some time ago, I have seen photographs of this.

There is a show on the west end of London, in the evening they just show Chinese films. One night in 1977 in front of six hundred people--decent, honest, law-abiding people watching the Chinese film, the Triad carried out with the Myriads of swords--there was a young man who tried to cheat. He made a bad delivery, he delivered the goods in Amsterdam and pocketed the money. Although the mistake, you may call it, that happened in Amsterdam, the

retribution happened in London. Two or three young hoodlums came in with knives, they cut almost every muscle in his back. They could have killed him easy.

They didn't kill him deliberately. That young man will live out the rest of his life as a walking symbol of that and although there were six hundred people, decent people in that cinema, not one message went through to the police saying come quickly.

The man himself did not cry for help. The only reason the police was called was because I think they call it emergency room here at the hospital, we call it casualty, the emergency room. That is how ruthless they are.

Now, what about the future? That is the last thought I want to leave you with which is this, I know you are going to hear evidence of youth gangs. The young gangs to my mind are the greatest element of fear that you have or that we have because the moment they're youngsters, comparatively speaking, at least legally they came in from 1965.

Because of your laws, if you kill under eighteen, as I understand it, not all that much

happens to you.

They have been used as hit men and they are not content for very much longer, I would suggest to you, to go on being the old man's tool. They are going to get older, even more ruthless possibly and certainly more clever and, in my view, it is the youth gangs of today, unless you do something, Mr. Chairman, and your Commission, are going to be the drug traffickers of tomorrow.

Thank you very much.

THE CHAIRMAN. Thank you.

Call your next witness.

BARRY HILL

MR. HARMON: I call Sergeant Barry Hill.

My associate will do the questioning on that.

B A R R Y      H I L L,      having been first duly sworn by the  
Marshal, testified as follows:

MS. CONGENI: Sergeant Barry Hill, in charge of the Chinese Joint Forces Operation of the Intelligence Bureau.

Sergeant Hill, if you would, please tell the Commission about your experience in investigating Chinese organized criminal activities in Toronto.

MR. HILL: May I say at the outset that my

presentation to the Commission today is entirely based on information generated within Toronto.

THE CHAIRMAN: Please keep your voice up.

MR. HILL: And it is based upon personal experience from the transcripts, wire-taps and reliable informants.

If I may say something about our unit so that the history of the way it started, it was formed in 1977, and we deal exclusively with Chinese organized crime, in Toronto -- Chinese organized crime, also known as Triad.

Now, when it started with an investigation of a group known as the Five Dragons, they were exposed in Toronto, in the middle 1970s, by the Canadian Broadcasting Corporation in these connections.

What was found was that these five ex-Royal Hong Kong Police Department staff sergeants in Hong Kong had been involved in a broad pattern of corruption. It was found that they were controlling the gambling and extortion rackets in Hong Kong.

These staff sergeants were stationed in police stations in all the different districts so a staff sergeant pretty well controlled his respective police station.

The proceeds of their corruption were collected by police officials who were supervised by these staff sergeants who became known as the Five Dragons.

These staff sergeants resigned and fled Hong Kong, just at that time that the Independent Commission Against Corruption was preparing cases against them.

So, they were able to get out before they were prosecuted. The Five Dragons joined with other ex-Royal Hong Kong officials and a prominent architect from Hong Kong, and purchased a large office building in downtown Toronto valued at \$50,000,000 Canadian.

After they were exposed, they pulled out of the area. It is believed that two of them are still in Canada, other parts of Canada and three of them are in Taiwan. The main man among the five is a man known as Lui Lok, and it is my understanding within the last two months there has been a court case in Hong Kong where they are trying to take back Lui Lok's property holdings within Hong Kong.

Now, what we discovered in our investigation against organized crime in Toronto was that we had one main Triad group, in the traditional sense, there may be references today to Triad groups and street gangs, but we have one main group known as the

Kung Lok, very strictly structured according to the ancient Hung Mun or Triad tradition. Those traditions go back several hundred years.

There are approximately three hundred members in Toronto and they in turn are a part of Hong Kong Triad known as the Luen Kung Lok which is one of many in Hong Kong. The alleged leader of that group is a man known as Lau Wing Kui, who once lived in Toronto, but was declared an undesirable and deported.

Now, Triad groups in Hong Kong are basically in opposition to each other, but according to our information there seems to be a nucleus of the eight main leaders within Hong Kong. And this includes now, they apparently work together to arrange joint ventures and also to arbitrate disputes within Hong Kong and it is said that at least four of the eight are ex-Royal Hong Kong police officers. Our own Toronto Kung Lok members have been involved in homicides, narcotics, extortion, abduction, forcible confinement, robbery, fraud, gambling and other offenses.

In the same way some of the so-called street gangs in other cities are involved. But in 1981, in an extortion case we did see some books, one of which

I brought here today. This book is written in pencil and it contains the initiation ceremony for these Triads in Toronto.

It has been translated, I don't read Chinese, but it has been translated and it shows the setup of the room, setup of an altar and examination of the text shows that it very closely follows the ancient rituals of the original Triads going back several hundred years.

What we have also found over the years is that the Kung Lok, although apparently in opposition to other groups and in Canada and North America are also close to some groups in other cities.

And, indeed, some members of the Kung Lok have gone through an ancient ceremony known as burning the yellow paper with individual brother gangs and if I can just briefly explain this ceremony, it is literally burning the yellow paper.

They write the names of the participants and the purpose of their joining together on a piece of yellow paper and burn it. And, this in some way shows that a loyalty to each other and a strengthening of the bonds of brotherhood between the participants.

Now, the reason for this ceremony is to

settle differences between individuals of different groups and sometimes even with members of the same group, so that if they have some particular plan in mind they wish to employ the participants will go through this ceremony and call themselves some fancy name, something like the Ten Tigers or Eighteen Brothers.

According to the experts or expert books I have read on Triad activities, it is quite clearly stated that participants in this type of ceremony are definitely Triad members.

Now, among the people that we know who participated in this ceremony or that we have information who participated in the ceremony, we have an individual in Toronto known as Danny Mo who was one of the alleged readers of Kung Lok.

He is said to have gone through a ceremony with a man known as Stephen Tse who is alleged to be the leader of the group known as Ping On in Boston.

Also, the overall leader of the Kung Lok who is now in Hong Kong, Kui, is said to have participated in this ceremony with a man in Los Angeles known as William Tse who is alleged to be the Wan Ching representative in Los Angeles.

Now, we also have information that a New York leader, Kit Jai was to travel to Hong Kong to initiate a full scale initiation of Kung Lok. But, the overall leader, Kui, would not allow this because he's afraid that the association would be so solid between the Kung Lok and Ghost Shadows and would cause trouble between this group and the other New York groups.

Beyond that there is a constant travel between Kung Lok members and the leaders of various other groups between Toronto and their cities and they have connections both for crime and for apparently legitimate business.

During the past few years, an organization was started up involved in the entertainment business. What happened, Danny Mo, as an alleged leader of Kung Lok in Toronto is said to have gotten together with Stephen Tse, alleged leader in Boston, with Kit Jai in New York, a liaison with a man named Vincent Jew, allegedly with Wah Ching in San Francisco and with a Tony Young who is alleged to be the leader of Wah Ching in Los Angeles.

What they were doing, they set up a company known as Oriental Arts and Promotional Corporation

and they were bringing in singers and other entertainers in New York, Montreal, Toronto, Los Angeles, San Francisco and Vancouver to entertain the Chinese communities.

It appeared that they had almost exclusive control by getting together in this way. It was certainly difficult for any other businessmen to arrange such entertainment in their cities.

We find that as far as the border between the United States and Canada is concerned it really doesn't mean too much to people in the Chinese community.

Certainly gang members from one city will often use the gang members from the other cities to commit crimes in the original gang member's city. They will use them to threaten people.

In other words, bring in somebody from the outside to do their dirty work for them. When people are in trouble in one city, they often flee to the other city and the gang members in that city take them in. There are numerous examples of that. I can just mention a couple.

In May of 1982, two Toronto gang members fled to New York after being charged in an incident which occurred in Toronto, when the warrants were issued.

The next year they were employed in gambling houses in New York.

At the same time, a gang member from New York had been involved in a homicide in Westport, Connecticut and we found him in Toronto and he was being kept by Toronto gang members.

Between November, 1982 and January, 1983, we learned that Danny Mo from Toronto and Stephen Tse of Boston, were going to Hong Kong. We also learned that William Tse, Los Angeles, would be there at the same time and meeting were to take place with the overall leader of the Luen Kung Lok Triad in Hong Kong. Later it was learned that at the same time Tony Young was also in Hong Kong.

It was later learned that Stephen Tse did not go and there was no information that William Tse, was there or was not there. But, it is known that Danny Mo, Vincent Jew, Tony Young were there together with some other personalities, all of whom were said to have met with Kui and --

MS. CONGENI: If I may interrupt, regarding that meeting, did you have information as to participation by any New York gang members at that meeting?

MR. HILL: There were no New York people there, but the meeting took place in January, 1983, and there was almost open warfare on the streets here in New York and my speculation is that that is the reason there was no representation from New York there.

MS. CONGENI: Further, was there any information that you obtained that there was a participant by the name of Peter Man who was at that meeting?

MR. HILL: Yes, that is the information I later learned, part of the information I later learned.

Now, as I said we found in Toronto, we are aware that world-wide there is a pattern of involvement with Triads in drugs and we don't find that in Toronto. The main activity is extortion and control of gambling or has been until recently and as far as other groups are concerned, we always felt that Kung Lok was the one and only group, but we have a lot of enforcement action against this group recently and their power has diminished somewhat.

What we now find is that there are various other groups which I've always considered dormant in Toronto now rearing their head. Some of these groups are 14K Triad. We do have a branch of the

Ghost Shadows which exist in other northern American cities, but they have remained dormant. Among the 14K members we have found that there are various 14K people spread throughout North America and they don't tend to come out as a group in the same way that others do, but in participating in a fraud scheme known as Lo Chin which is a swindle scheme.

They have traveled throughout North America and it is the type of scheme where they can defraud people, they pick a target and defraud people of between fifty thousand to one hundred thousand dollars. Scouts go out, find a client and then they will draw upon the appropriate members of the cities close to the location and to this end there was a recent court case in Los Angeles in which Toronto people were prosecuted for such a scheme and these people will also come in to assist a similar scheme in Boston.

MS. CONGENI: Sergeant, if I may go back to the meeting that you learned about that was held in Hong Kong.

Are you aware of arrests that were made as a result of that meeting? Would you explain them?

MR. HILL: I don't know in terms of North

America, I don't know when you're terming it. Most people are -- well, it is my understanding that one man was charged with a drug offense; that man was Peter Man. All were investigated, that is my understanding.

MS. CONGENI: Are you aware of the purpose of the meeting?

MR. HILL: Here it comes to speculation on our part in the kind of people that were there and they were meeting in Hong Kong. And then it follows on to our general feeling that Hong Kong, possibly because of the situation in 1977, is starting to try and exert more influence over the various groups, some of which were fairly loosely organized up to now.

We are certainly aware that the Triad in Hong Kong, seeing that they have the foot in the door as it were, as far as North America is concerned because they are concerned with their future as far as 1997 is concerned.

MR. HARMON: If I may interrupt, Sergeant Hill. Mr. Chairman, based upon this information that this meeting occurred in January of 1983, four subpoenas

were issued by The President's Commission on Organized Crime.

The purpose of those subpoenas were to subpoena those individuals who were at those meetings.

The Commission's efforts to subpoena those four persons who attended that meeting resulted in two of them defying court orders, one having been incarcerated for contempt in defiance of a court order to testify concerning the circumstances of that meeting and another having appeared here today for the first time.

In particular, Vincent Jew of San Francisco was served with a President's Commission on Organized Crime subpoena. When he failed to appear for his deposition, counsel appeared on his behalf. On October 2, 1984, United States District Judge, Judge William W. Schwarzer of Northern District of California signed an order enforcing the Commission's subpoena and ordering him to appear for a deposition on October 5, 1984 in San Francisco.

Counsel appeared for the deposition without his client and asked for an in-camera meeting with Judge Schwarzer based on a matter of attorney-client privilege.

Judge Schwarzer emerged from the meeting and suggested that a bench warrant be sought for Jew's defiance of this order. After October, 1984 it was learned by law enforcement officials that Jew fled to Canada or Hong Kong to avoid the subpoena requiring his testimony before the Commission.

Tony Young, who has been described as the leader in Los Angeles, and also an attendee of the meeting in Hong Kong, was likewise served with subpoenas on October 1, 1984

On October 4, 1984, Young failed to appear for a deposition before the Commission and United States Judge Laughlin E. Waters of the Central District ordered Young to appear for a deposition on October 15, 1984, at the Commission's offices in Washington, D.C. Young failed to appear in defiance of this court order and has failed to appear here today.

Stephen Tse having been described as a participant in the Hong Kong meeting and described as a leader in Boston was likewise subpoenaed on October 1, 1984. After obtaining permission to grant Tse immunity, his deposition was rescheduled. He refused to respond to questions raising other objections and there were allegations that the

questions posed to him were based on illegal wiretap.

On October 19, 1984, Judge David Nelson of the District of Massachusetts ordered that Tse respond to the questions posed to him and further made a finding that Tse did not make an adequate showing, that there was an illegal wiretap. He refused to respond and was held in contempt and sought a stay of the Court's order. The First Circuit Court of Appeals has not extended that stay. Tse is incarcerated in Boston for his refusal to testify before the Commission.

I have indicated, the attorneys for Peter Man have appeared for the first time this morning. We will engage in discussions with him subsequent to this meeting in regard to future testimony by Peter Man, also an attendee at the Hong Kong meeting, whether a private deposition or a public hearing of the Commission.

THE CHAIRMAN: Are you finished with this witness?

MR. HARMON: Unless there are questions.

COMMISSIONER ROGOVIN: As to the consequences of information from other members of the Department, what if any interaction is there or has been there

between the Chinese organized crime group that you just discussed and other traditional organized crime in Canada? Perhaps the controlling organization is in Quebec or in Ontario or elsewhere in Canada.

MR. HILL: As far as Kung Lok organization is concerned, no contact whatsoever that we're aware of.

COMMISSIONER MILLER: You indicated that these members were engaged in massive corruption of public officials in the Hong Kong area. Is there any evidence that you have with respect to corruption of public officials in the North American area?

MR. HILL: There is an area and it is presently before the courts involving some of these people and I would rather not speak about that for that reason, at this time.

COMMISSIONER ROWAN: Are you aware of any procedures which Canada has instituted to screen prospective immigrants, prospective travelers to Canada when you -- something is happening in Hong Kong and other places.

MR. HILL: This is something that is being worked on now and is worrying the Canadian authorities.

There is a question as far as screening people

for offenses committed there, there has to be a similar offense.

Now, as you may or may now know, it is an offense to be a Triad member in Hong Kong. It is an offense to say you are a member and it is an offense to attend a Triad meeting.

Now, a number of these people who are prospective immigrants do have convictions for these offenses, but there is no, of course no similar offense in Canada.

However, at the moment, if Canada feels they are undesirables, they can merely say no, not give any reason.

THE CHAIRMAN: Thank you.

COMMISSIONER METHVIN: Sergeant, can you tell us, you say that the major operation in Toronto is confined to extortion and gambling, elsewhere, international heroin trafficking. Apart from heroin trafficking are their operations confined to victimizing people in the Chinese communities or how do they infringe upon the societies outside the Chinese community?

MR. HILL: As far as using the Kung Luk as an example, it is almost exclusively confined to

the very large Chinese community in Toronto.

THE CHAIRMAN: All right, no more questions.  
We will proceed with the next witness.

Thank you.

The delay at this moment, is it just related to the nature of the next witness and the Executive Director advises us his understanding with the next witness is that he would be disguised and hidden from view.

You will hear the nature of the testimony but this is the practice of the Committees of Congress and other Commissions.

They will wear disguises, this is primarily the case where the lives of the witnesses may be in danger, so this delay and the screen being placed before you is a device that we will utilize in connection with the next witness.

MR. HARMON: Mr. Chairman, I might add that our investigators have determined that this hearing site is under observation by persons known to be associated with the criminal Triad society operating in New York. So as developments this morning there exists a real present need for the existence of this security measure.

When the witness arrives I would ask with your permission to have Deputy Counsel Stephen Ryan conducting the questioning.

THE CHAIRMAN: How much longer do you think it will take before he arrives?

MR. HARMON: He should be here momentarily.

(Whereupon, at this time the Marshal swore in the witness.)

UNIDENTIFIED WITNESS

MR. RYAN: Mr. Witness, I will not use your name.

Would you please tell me what country you were born in and how you came to be in the United States?

THE WITNESS: I was born in China. I come here in 1965 and jump ship.

MR. RYAN: What is your occupation here in this country?

THE WITNESS: I work in Chinese restaurant.

MR. RYAN: Were there criminal gangs and Tongs in Chinatown where you live?

THE WITNESS: Yes.

MR. RYAN: What kind of activities do these Tongs and gangs participate in?

THE WITNESS: Those Tongs and gang, they control gambling house, dope dealer, any kind of drug

and a whore house.

MR. RYAN: Do they extort money from businessmen that live in the community?

THE WITNESS: Yes, some of them.

MR. RYAN: Are these street gangs, the members of the street gangs controlled by Tongs such as the Free Masons, and the Hip Sing?

THE WITNESS: Yes, strictly controlled by a Tong.

MR. RYAN: Now, you belong to an association of people who were in the restaurant business and restaurant employees, isn't that right?

THE WITNESS: Yes.

MR. RYAN: And what was the purpose for that association?

THE WITNESS: That association helped young people get a job. Everybody get a job off the street.

MR. RYAN: Did the gang recently --

THE CHAIRMAN: We have not been able to get the answers.

MR. RYAN: Could you speak a little louder?

THE WITNESS: Okay.

MR. RYAN: You were a friend of the president of this restaurant association, weren't you?

THE WITNESS: Yes, good friend of mine.

MR. RYAN: What happened to your friend because he helped Chinese people get jobs?

THE WITNESS: This friend of mine he protested to the gangs who beat the kid up and kill the kid.

MR. RYAN: I think your Honor he's saying that the gang sought to intimidate the young man to make him join the criminal activities.

THE WITNESS: Yes, they make them join.

MR. RYAN: And the president of the association told the gang that this was unacceptable, that this was bad?

THE WITNESS: Because the president told the gang don't beat the kid up.

MR. RYAN: What eventually happened to your friend?

THE WITNESS: Then a couple of day later me and him walk to the restaurant and see a couple of--a friend in the restaurant, a few minute later the gang come over and shot him to death.

COMMISSIONER BREWER: I really can't understand.

MR. RYAN: Were you in the restaurant with ten or eight friends and your friend who was the president of the association, a gang member recognized

him, walked up to him and shot him to death?

THE WITNESS: Yes.

MR. RYAN: What happened to the eight or ten people that you were with?

THE WITNESS: After the shot, all the people run away.

MR. RYAN: So all of the people left the restaurant?

THE WITNESS: Right.

MR. RYAN: Did you cooperate and talk with the police afterwards?

THE WITNESS: Yes, I see my friends get killed. I know people killed my friend. I identified for the police who did it.

MR. RYAN: You told the police that you identified the killers of your friend. Were you warned or told by the gang not to testify or to talk to the police?

THE WITNESS: A day later the gang tell my friend to tell me don't go testify. If I go to testify they would put a contract on me, have me get killed.

MR. RYAN: You were told that you would be killed if you continued to cooperate with the police?

THE WITNESS: Excuse me?

MR. RYAN: You were told if you continued to talk to the police you would be killed?

THE WITNESS: Yes.

MR. RYAN: What happened several days later?

THE WITNESS: Two days later I'm in Chinatown, I see a couple of new faces.

MR. RYAN: You saw new people who you did not recognize?

THE WITNESS: Right, the new people.

MR. RYAN: And were they with the other gang members?

THE WITNESS: Yes. And they point to me, the new people. An hour later I get shot.

MR. RYAN: So you saw new people conversing with gang members and then an hour later you were shot?

THE WITNESS: Yes.

MR. RYAN: Did you recognize the person who shot you?

THE WITNESS: I see the new face.

MR. RYAN: Was it the person from out of town who had been pointing you out, who you had pointed out?

THE WITNESS: Yes.

MR. RYAN: Were you badly hurt?

THE WITNESS: Yes, I was shot in shoulder.

MR. RYAN: You were shot in the shouler?

THE WITNESS: Right.

MR. RYAN: And you recuperated for a long time?

THE WITNESS: Yes, a long time in the hospital,  
yes.

MR. RYAN: Did you continue to speak to the  
police despite this?

THE WITNESS: Yes.

MR. RYAN: And what eventually happened to the  
men who killed your friend?

THE WITNESS: They gave him two year probation.

MR. RYAN: They received a very short sentence?

THE WITNESS: Yes.

MR. RYAN: You were under police protection for  
at least two years after that, weren't you?

THE WITNESS: Yes.

MR. RYAN: Are you still in fear of these  
people? Are you still afraid for your safety?

THE WITNESS: Yes.

MR. RYAN: If they knew you were here today  
talking to the Commission, what would they do to you?

THE WITNESS: They'd put another contract on me,

kill me, hurt my family.

MR. RYAN: Your nine or ten friends never came forward to talk to the police, did they?

THE WITNESS: Because they afraid of the gang. The gang tell them if they identify who did it they would put another contract on him or family.

MR. RYAN: Do the gangs now recruit Vietnamese for the Chinese gangs, bring Vietnamese men in?

THE WITNESS: The gang, they have fifty percent Chinese, fifty percent Vietnamese.

MR. RYAN: So you believe that they are recruiting these young Vietnamese.

THE WITNESS: The young and older.

MR. RYAN: Why do they want the Vietnamese joining their gang?

THE WITNESS: Because they have used the gun for fighting.

MR. RYAN: You're saying they know how to use firearms and that they use them for that purpose?

THE WITNESS: Excuse me?

MR. RYAN: They get the Vietnamese because they are good with handguns?

THE WITNESS: Yes.

MR. RYAN: I have no further questions.

Are there any questions by the Commissioners?

COMMISSIONER HOPE: Yes, I have a question.

You have testified that you are frightened to be here, is that right?

THE WITNESS: Excuse me?

COMMISSIONER HOPE: You have testified that you are frightened to be here, is that right?

THE WITNESS: (No response.)

MR. RYAN: Fear, that you are afraid?

THE WITNESS: No.

MR. RYAN: Are you afraid to be here today?

THE WITNESS: No.

COMMISSIONER HOPE: Why are you continuing to cooperate with the Commission and the Police? Do you feel you have enough protection for yourself and your family?

THE WITNESS: Excuse me?

MR. RYAN: Why do you come forward to talk with us?

THE WITNESS: Because the law will help me get those gangs off the street.

MR. RYAN: If I heard you, you want the gangs to leave innocent people alone in the streets?

THE WITNESS: Right.

COMMISSIONER HOPE: How big are the gangs in the city that you come from?

How many people do you think are in them?

THE WITNESS: Excuse me?

MR. RYAN: How many are on the street in this street gang?

THE WITNESS: They have been controlled by Hip Sing, Free Mason.

MR. RYAN: How many members who are in the streets protected the gangs trafficking in narcotics, doing criminal business, ten, twenty, thirty, how many?

THE WITNESS: (No response.)

MR. RYAN: How many?

COMMISSIONER METHVIN: How many gang members?

THE WITNESS: They have so many.

MR. RYAN: Tell me a number, if you can. Do you know how many?

THE WITNESS: How many?

MR. RYAN: Yes.

THE WITNESS: About ten of them, I guess.

THE CHAIRMAN: What was his response?

MR. RYAN: I believe he said ten to twenty in the city were made members of the gang.

COMMISSIONER METHVIN: He just said ten gangs.

MR. RYAN: I think we're having a language problem. The witness is English but he forgets words.

THE CHAIRMAN: If there are no more questions we will excuse the witness and you can call your next witness.

MR. HARMON: We are prepared to proceed at this point.

Can I ask the witnesses to please rise and the Marshal will administer the oaths.

DAVID WILLIAMS, STAFF INVESTIGATOR

(Whereupon, the Marshal swore in the witnesses.)

MS. CONGEMI: At this time we are prepared to go forward with a panel of law enforcement officers from San Francisco, Chicago, New York City and Oakland.

Before we begin with these officers we will have a statement from Staff Investigator David Williams.

MR. WILLIAMS: My name is David Williams.

Today I am summarizing the results to date of the Commission's investigation which focuses on the activities of an important N.Y.C. Chinese Community Leader named Eddie Chan, a/k/a Chan Tse-Chiu.

Among other various community leadership positions, Chan is the Vice-Chairman of the Board of Directors of the United Orient Bank in New York City's Chinatown. He has been the National President of the On Leong Ton and maintains an influential position with that powerful Tong today.

Eddie Chan is a former Hong Kong Detective Staff Sergeant. Chan was with the Hong Kong Police Force during a time when the force was racked with massive corruption. A group of police led by the notorious five dragons had systematically controlled vice, gambling, the distribution of heroin and extortion throughout the British colony, for many years.

Chan is currently sought for questioning in connection with suspected offenses in that investigation. Chan emigrated to the United States at the height of the five dragons probe in Hong Kong.

In early 1983, a high level Triad leader in Hong Kong identified Eddie Chan as an organized crime figure and gang leader in the United States.

This month a confidential informant of The President's Commission on Organized Crime, who is

a major Chinese organized crime figure, identified Eddie Chan as an individual who controls the activities of New York Chinese criminal gangs through his influence as a leader of the On Leong Tong.

Eddie Chan is currently the National Honorary President of the On Leong Tong with chapters throughout the United States.

Chan was National President of the On Leong Tong, when an ambush shooting occurred from the balcony of the Chicago Chapter of the Tong in 1980. The ambush victims were New York dissidents of the Ghost Shadow gang who were in Chicago preying on On Leong Tong officials.

Intelligence sources have indicated that the National Office headed by Chan ordered New York Ghost Shadows to Chicago to violently neutralize the threat against the Tong.

Also, Eddie Chan maintained various ownership and leadership positions, including that of Chief Executive Officer of a financial group called the Continental King Lung Group, which maintained numerous subsidiaries in the United States and in twenty-two cities around the world.

In three North American cities, this group and its subsidiaries are under investigation for perpetrating a massive financial fraud against its customers in the United States, Canada and in several South American nations.

The firm created the illusion that it had made commodity contract purchases on behalf of clients, when in fact no such purchases were made. This practice is known to financial crime investigators as a bucketing scheme. The scheme surfaced when the financial group's customers complained that they had given money to the group to invest, but later discovered that the money had been stolen.

Also connected to the Continental King Lung Group is a Hong Kong based commodity trading firm known as A&A Commodities. A&A Commodities lost its Hong Kong registration as an international commodities dealer in April 1982 when it was also found to be producing bogus telexes confirming fictitious commodity contract sales.

A short time after that fraudulent operation closed its doors, the doors of Continental King Lung in Seattle opened for business using the same scheme.

Estimates of losses in just two of these Continental King Lung Offices have ranged as high as four million dollars. However, the magnitude of these schemes may be much greater. To quote from a United States Commodities Futures Trading Commission Report, "It appears that King Lung's fraudulent operations are extensive and involve investors in Vancouver, London, Singapore and Hong Kong. And certainly, with affiliated companies, it is not inconceivable that South American investors have also been defrauded.

Attempts by the Commission to question Mr. Chan regarding these activities have met with refusals by Mr. Chan to be interviewed.

This concludes my statement before the Commission regarding the activities of Mr. Chan.

MR. HARMON: So that the record is clear, the rules of the Commission permit a person whose name is mentioned during the course of the Commission Hearing to have the opportunity to present a statement, to make a statement before the Commission.

Eddie Chan has been subpoenaed to testify before the Commission today and has declined to do so.

THE CHAIRMAN: I take it, you will take appropriate steps to see that subpoena is carried out?

MR. HARMON: Yes, we will do that.

JOHN MCKENNA

MS. CONGENI: The first witness from the panel is Inspector John McKenna. He has twenty-seven years service with the San Francisco Police Department and has been the officer in charge of the Gang Task Force since it was formed in 1977.

If you would tell the Commission about the growth of the Chinese criminal gang activity in San Francisco, as it culminated in the tragic incident at the Golden Dragon Restaurant.

MR. MCKENNA: Yes, thank you.

San Francisco has always had a large Asian population.

Prior to the early or mid 1960's, the area commonly known as Chinatown in San Francisco was an area of little concern to the Police Department. Most of the people living there were in the field of merchants, restaurant owners, shops. There was very little crime in that community at that time, at least reported.

In and about mid 1960's we in the Police Department, several individuals working in that community, became aware that there was a feeling of concern with the arrival of a good amount of people from the area commonly known as Canton, Hong Kong and areas of the South China Sea.

We already had firmly established business community and already established Chinese people of several generations. The commencing in that period of time, a lot of young men arrived and they were ill equipped to cope with the educational system. They were called the F.O.B. by the already established Chinese community, meaning, fresh off the boat, and there were confrontations in the school between them and what was called the ABC, American born Chinese. These were young men in their early teens graduating up to around sixteen and seventeen. A lot of them left the school system. Their parents were then working long hours, split shifts in restaurants.

The mothers were doing seamstress work, springing up in the city where women have worked in what is commonly called sweat shops and they were quite busy making ends meet. As a result, some of these people gravitated to the streets of Chinatown.

During these years in the '60's a lot of these young men formed gangs and they would prey on the business establishments of that community going into restaurants, not paying for the bill, going into places of entertainment such as movies, walking in, giving hard stares to proprietors, failing to pay and we began to hear from the legitimate community of this problem and we also had a problem, lack of cooperation, lack of wanting to appear in the court system by the victims.

During this time, these various young groups were performing separate functions. They were forming separate street gangs.

Such gangs like the Wah Ching, the Cheung Ching, Faithfulness, Youth of China. So, they were becoming formed and coming to the attention of the police.

During this period of time when we first began to suffer street corner confrontations by these gangs which later culminated in a number of street corner shootings in broad daylight for a period of time, while they were sorting out their structure in these street gangs, we suffered pretty close, pretty near to fifty gang-related

homicides. This was a period of time for about seven or eight years. After all the shootings and assaults we ended up with two major gangs, which are still today the gangs whose members are the strongest individuals, what might be now classified as organized groups.

In 1977, the streets of Chinatown were a place where profits were to be made. If you have the power and prestige, you also had a ready cash supply from the victim. So the gangs fought to control these profits.

After all these confrontations, the Wah Ching had emerged as the single strongest gang and had control of the streets of Chinatown. The Cheung Chee Yee suffered several leadership deaths in the battles and they were forced out of the community known as Old Chinatown.

Around July 4th, which is our Independence Day, during that period of time, many, many fireworks are sold on the streets of Chinatown and in or around that community.

It is the knowledge now that the sale of fireworks is so profitable that if you have control of that you have something that could later be used to

purchase the weapons and possibly other exchanges for which you need money.

The Cheung Chee Yee knowing that on July 4th of 1977 there would be a lot of money distributed by the street sellers to the leadership of the gang came down from the outer parts of Chinatown and approximately fifteen, several armed with handguns, walked into Chinatown hoping to rob the street sellers and take the profits from the sale of fireworks.

When they got into Chinatown the street sellers already alerted, already established protection and the group known as the Hop Sing Tong boys who were supportive of each other and had a separate gang structure. There were five separate shootings that occurred that evening on Pacific Avenue.

As a result of those five separate shootings, one of the young men with Cheung Chee Yee was shot and killed. Several others were wounded and severely hurt, enough to require hospitalization.

The Cheung Chee Yee suffered grievously and they had to retire from Chinatown, leaving the Wah Ching and the Hop Sing Tong Boys. This incident was the catalyst for what is now known as the Golden Dragon Massacre of September 4, 1977.

The Golden Dragon Massacre. The Golden Dragon is a restaurant. It is a large restaurant and it accommodates many strangers. It has always been known as a place later in the evening where after festivities in the night you could retire for snacks, food or cocktails or so on and is frequented by tourists.

During this period of time that the Cheung Chee Yee were nursing their wounds, a leader of the Cheung Chee Yee had asked a member at that time of Hop Sing Tong who had the accessibility of the streets of Chinatown to scout around for them to try and locate a time and a place that members of the Hop Sing Tong and/or Wah Ching so that they could be identified to retaliate for the incident of July 4th.

On the evening or late morning hours of September 4th, the subject had proceeded into the Golden Dragon Restaurant to pick up take-out food.

When he entered that restaurant he glanced up to the mezzanine and observed a chap by the name of Michael Louie and there were several of his friends sitting there.

He glanced into the mirror and saw members affiliated with the Hop Sing Tong. Also present in the restaurant that evening was a special police

officer, hired by the community.

They wear the uniform of the police officer, most people would suspect they are police officers, except their badge, it says special. This person after he ordered his take-out food proceeded to a phone and he called the home in a community outside of San Francisco, and reached a chap by the name of Tom Young.

The Joe Boys leader and several of his friends, including two of his brothers were in this house as was a chap by the name of Melvin Young, no relationship.

Melvin Young, earlier during the summer -- I mean the July 4th incident -- had been one of those subjects that was wounded. He had a history of violent criminal past in the gang structure of the community.

Upon receiving this call from this subject from the Hip Sing Tong who told him that the Wah Ching are in the mezzanine and the Hip Sing boys are in the rear. He thanked him and hung up the phone.

This subject left the restaurant and then Tom turned to his brother and the subject in the room of this house outside of San Francisco and

told them of receiving a phone call and what the circumstances were.

He then told another chap in the house to get the gun. In this house that they were hiding in like a safe house, they had secreted two shotguns, one of which was a sawed-off, 38 caliber revolver and a replica of a Colt 45 revolver, semi-automatic weapon.

These weapons had been purchased by these gangs over the past several months.

When he mentioned that he -- special officers were on the premises he said if he is there he goes also.

They then left the house. Tom was behind, he bid them good luck and got into the car, driven by Chester Hu (ph).

Melvin Yung with the semi-automatic weapon, Curtis Tam (ph) who had never been involved in gangland activity, but later on during the trials when we asked why he got involved, his answer was I wanted to prove I was a good Joe and finally armed with a 38 caliber revolver, a backup car was driven by a chap by the name of Sien Ling (ph). The purpose of the backup car as we have observed

from a prior shooting was to block exits of the street.

They then commenced their journey from San Francisco and at 2:40 in the morning pulled up in front of the Golden Dragon Restaurant.

The three armed pulled stocking masks from their face, emerged from the vehicle and tried to enter the premises from what is commonly known as makeup door, the upper level, the street level of the Golden Dragon.

This attempted entrance was most fortunate for Michael, the Wah Ching leader, as one of his friends sitting there saw the attempted entrance, stocking masks and which appeared Cantonese men with guns.

This is all Michael had to hear, slid under the table, crab-walked toward the rear.

Meanwhile, three gunmen ran down the street bursting into the main entrance of the restaurant and two of them armed with a shotgun, one had started to proceed towards the mezzanine entrance where they had received the information.

Melvin Young started to proceed to the same area. However, seated just inside the restaurant

and a table several feet to the back was a group of young people, one of whom was a recent graduate of the University of San Francisco and a Japanese heritage, Paul Wata (ph).

Seated with him were two young Japanese lady friends from Seattle who came down to watch his graduation and were celebrating with him and his girlfriend Denise.

The unfortunate thing is that Paul had a striking resemblance to Michael. I am sure to this day when Melvin observed this group, he probably in his mind thought that Paul was Michael.

He turned and fired his weapon a number of times. He had banana clips and he just fired over 40, 45 caliber slugs toward these people.

Paul was struck, fell to the floor, Melvin approached him as he pinched his body with another 45 shell.

He turned and shot Denise and she bled to death. He shot another whom he crippled. He then fired eleven into the body of the other Japanese American girl Wendy and lifted her, threw her back onto another chair, followed up a shot shattering the face of the girl and to this day, she has

multiple facial injuries.

The bloodshed continued as the other two chaps with the shotgun started upstairs. Unfortunately their way was impeded by an elderly waiter by the name of Fa Wang (ph), the father of six children. He was starting up the stairs to serve the table, did not see or hear them coming behind.

One shot severed his spinal cord. He died several hours later at the hospital and he left six children.

The two of them continued up the stairs and approached the area where Michael had been seated.

They started to fire the shotgun and two young high school graduates--

MS. CONGENI: Could you tell us what the ultimate total losses were and what happened to the perpetrator?

MR. MCKENNA: Five of the people there died, eleven seriously injured. This was the catalyst that formed our organization.

We were charged with looking into the whole situation of gang life in that community. After that several years passed, the case was solved, except for one who fled the scene and has been reported in the Far East and in other parts of the country.

All of the perpetrators, the shooters were apprehended, of course.

MS. CONGENI: Thank you, Inspector

JOE CARONE

MS. CONGENI: Our next witness is Joe Carone, a member of the Chicago Police Department and he will testify as to Chinese gang activities in the City of Chicago.

THE CHAIRMAN: May I say before any testimony, we would appreciate it if you can make your statement shorter, because we have to conclude these hearings by 1 o'clock today.

MR. CARONE: Mr. Chairman, the Chicago Chinese community has approximately fourteen family associations, including last sur names of Lee to Tong.

Hip Sing Tong is located at 1121 Argyle Avenue and 1123 and On Leong Tong located at 2216 South Wentworth Avenue.

The exact membership of these two associations is unknown.

The street gang in Chicago is called Ghost Shadows.

Tong type ceremonies much like the Hong Kong

Triads are known about. Their initiation ceremony includes 36 Triads, vows, swearing secrecy, fidelity and brotherhood.

In 1976, we began receiving information of robberies, homicides in and around the City of Chicago. This was being done by youthful Chinese males.

In checking this we found incidents in Chicago, including extortion where groups of Chinese males-- upon checking some of these subjects we found that some of them came from New York City.

In 1977 we raided a gambling house located at the Hip Sing Tong headquarters located at 1121 West Argyle Street.

At the gambling house, all the males were made to drop their clothing and make sure there was no hidden currency in their garments. 60 subjects were picked up and arrested by the Chicago Police Department.

Hip Sing Tong members came in and at that time refused to identify anyone in custody. They said they would take care of the problem themselves.

In October of 1983, we received information that gangs were at gambling houses located at

1123 West Argyle Street.

After surveilling it, 25 persons were arrested during that time. Three gang members, three suspected gang members and some guns were recovered.

During the execution of the search warrant, we observed elaborate security precautions at the main entrance and at the banker's cage.

At that time there was a person sitting behind a partition, a one-way glass, who would view from the outside door that he was in fact, Chinese or Asian.

He was buzzed in the first door, the second door pulled a latch chain device which would open the second door.

We found a location on the first floor level to be connected with the Hip Sing organization on the second floor level by the use of the stairway.

The second floor, as we entered the premise, chased patrons to the second floor level. Most of them were arrested in the gambling room. Everything was seized and we found the gambling room to be surrounded by a walkway to be entered into with one-way glass overhanging the gambling room to protect the gambling room.

Also steel plates behind those walls to protect any bullet shot.

In 1979, after the dispute in New York City where a street gang leader of the Ghost Shadows was shot five times, he attempted to go visit his brother in Canada.

Canadian authorities stopped him. He then traveled back to Chicago where he himself with other members of the Ghost Shadow group that made Chicago like their home. They worked to make money for their gang and in one incident beat up a rival gang's secretary.

On August 2, 1980, we received through our intelligence division information that some gang members from New York City traveled to Chicago with guns.

On October 19, 1980, approximately, an automobile driven by William Chin pulled in front of the On Leong Tong at which time three of the subjects with him attempted to get out of the automobile and they noticed movement up in the balcony of the third floor.

They told us they had recognized these persons on the balcony as gang members from New York

## City Ghost Shadows.

As they looked up, people from the third floor struck the automobile with bullets and three bullets struck Mr. William Chin in the chest and the three others attempted to flee the vehicle.

Persons on the third floor continued to fire and putting holes in the store windows. Mr. Chin had parked next to a patrol car.

Mr. Chin was taken to the hospital and at that time he told detectives that these were Ghost Shadow members from New York City that shot him.

MS. CONGENI: Detective Carone, are you aware of any role that Eddie Chan who was referred to by Investigator Williams played in that struggle in Chicago?

MR. CARONE: We were told through informants on the street that the restaurant owner being an association member said I have a problem, I have been robbed by gangs.

We were told that while Mr. Chan, national president of New York Association, at which time he gave the order to come to Chicago.

MS. CONGENI: Thank you, Detective Carone.

JOHN FEEHAN

MS. CONGENI: At this time the Commission calls Special Agent John Feehan.

John Feehan is currently with the Drug Enforcement Administration, has been involved in the investigation of Chinese criminal activities, specifically narcotic trafficking since the Harrison Narcotic Act in 1914.

MR. FEEHAN: My experience has also been based on my operation with the New York City Police Department.

Prior to 1965, the makeup of Chinatown in New York City was determined by the Immigration Law at the time.

The Chinese population that was made up mostly of all Chinese men. There were no families, very few children.

The Chinese criminal activity, prior to 1965, consisted mainly of gambling, narcotic trafficking, mostly in opium and alien smuggling.

However, with the change in immigration laws in 1965, the Chinese criminal activity underwent a radical change.

With the influx of Chinese youths from Hong Kong, there was formation of youth gangs in New

York City.

In the beginning, in the early 60's, 1965, there were several youth gangs. Right now there are only two major youth gangs, the Ghost Shadows and the Flying Dragons.

These gangs extended their criminal activity to include kidnapping, murder, prostitution and loansharking.

It has been my experience that the youth gangs up until this day, almost this year, have not been involved in trafficking in narcotics.

Why, I have no idea. This has been true, as I say, up until this year.

Currently, Intelligence, however, indicates that as of now, members of the Ghost Shadows and Flying Dragon youth gangs are involved in the importation of heroin and sale and distribution of cocaine.

Drug Enforcement Administration statistics on Southeast Asian heroin indicates that Southeast Asian heroin is a growing problem in the United States. It has risen over the past three years.

141 kilograms was seized in 1983. Well over twice the amount removed in 1982. Southeast

Asian heroin accounts for about 19 percent of the United States supply in 1983. An increase of five percent over 1982.

The history of the Oriental violator and Southeast Asia heroin in New York City, is a long and very successful story for Federal drug enforcement.

Being in the late 60's up until approximately 1975, Federal Drug Enforcement mounted an attack on Oriental violators and Southeast Asians that were successful. Successful from 1975, up until about 1980. The Oriental violator took his market to Europe.

Most of the people we have involved in narcotic trafficking in New York City were incarcerated. Those who wanted to traffic in narcotics went to Europe, mostly Holland.

That did not stop the flow of Southeast Asian heroin. Other ethnic groups, particularly some of the major black violators and some of our Italian organized crime members continued to import Southeast Asian heroin into the United States.

Some of the major cases made during this period involving major conspiracies, both here in

the United States and in Hong Kong and in Bangkok.

Dr. John Hughcase, (ph), who is an example of Drug Enforcement dismantling, dismantling of an entire network.

This case also involved a defendant, Lawrence Lomardi in New York City who was believed to be the connection between organized crime factions and the Chinese importers.

Another case involving members of organized crime was a case involving Salvatore Gah, (ph), and Matthew Madonna. These two members of the organized crime in New York City were arrested in New York City when they took possession of a delivery of seven pounds of Southeast Asian heroin.

This group sent couriers to Hong Kong and attempted to smuggle the heroin into the United States. They were arrested upon the delivery of the heroin.

Another major case made by the New York Office of Drug Enforcement was the case involving, I think it was initiated in New York.

It was terminated in Hong Kong, Singapore, Bangkok, with the cooperation of the federal authorities in those countries.

The case resulted in the arrest of four major violators, 135 pounds of pure heroin seized.

The agent who made this case, Agent Robert Allen, received the Attorney General award for this case. One of the more recent cases of note was a case from Thailand involves the traffic of a female whose first name is Mayuret.

This case involved Southeast Asian heroin, Italian organized crime members. This case involved 15 kilos of 97 percent pure heroin to the Turano brothers here in New York City. The middlemen in this deal were two Chinese men from New York City.

This case is also involved in the washing of money. There was a connection between the recipient of the heroin here, one of the Turano brothers was also involved in a major money wash case and also made by the DEA, the Orozco case.

My experience here in New York City is contrary to some of the experiences of other law enforcement agencies throughout the United States and overseas. I do not see a direct connection between the Triads based in Hong Kong and our Chinese criminals here in New York City.

It is unclear to me if there is a connection. New York City has many Chinese organizations. Most of them are family associations, some of them have to do with the province where they came from.

The three most notable are the Hip Sing Tong and the Chinese Benevolent Association.

The two most powerful, Hip Sing Tong.

These Tongs have -- the Hip Sings have the Flying Dragon gang and the On Leong Tong has the Ghost Shadows. I must say the term youth gangs are misnomers. These are not youths, these are men in their thirties.

It is my experience that the gangs, the gangs try to emulate the Triad. I feel that they are not really part of the classic Triad. They do take oaths, secret oaths.

The New York City Police Department at one time confiscated oaths that were supposedly given to new members of the family and this paper obviously, it was based on Triads as they are given in Hong Kong.

No matter what you call these gangs and whether or not they are Triads, they are vicious criminal elements here in New York City.

To give an example of how vicious these gangs

are, I personally got involved in several shootings and incidents that took place in New York. My position with the Drug Enforcement Administration as an intelligence officer with the New York Division and as such I work exclusively with the Manhattan District Attorney's office and the Fifth Precinct in New York City and as such I do a lot of work other than narcotics.

I have been involved in the shooting of Michael Chan, who is the Flying Dragon leader. Michael Chan, it was felt was shot by members of his own gang because they were dissatisfied with his leadership and they were also dissatisfied with the amount of money they were getting from the proceeds of their illegal activities.

MS. CONGENI: Special Agent Feehan, have you observed in your investigation any examples of murders that have borne some of the traits of Triad murders?

MR. FEEHAN: When you say Triad murders, there is a particular way that the Triad does dispatch. The assailant doesn't kill its prey. The only one I am aware of is in the early 1970's. I am not even sure. It was an informant for one of our

agencies. I am not sure which agency, but he was dispatched in a Triad fashion. He was cut hundreds of times with a razor blade and hung on a meat hook. I was not involved directly with that investigation at that time, but that was the only example that I knew of.

However, there might be a reason for that because right now, if he wants to kill, if one youth gang member wants to kill someone else, everyone wears bulletproof jackets and the only way to do it is to walk up to the person you are going to kill and put the gun to his head and that is the way usually most of the murders take place now.

MS. CONGENI: Are you aware of any specific Triad induction ceremonies that have occurred in New York City or planned in New York City?

MR. FEEHAN: Yes, as I said, through my cooperation with the New York City Police Department I am aware of some that have been made available to them.

I have been told that one of the Tong leaders in New York inducted into a Triad ceremony, one of the Ghost Shadow members here in a Triad ceremony took place in this man's place of business.

MS. CONGENI: Did Eddie Chan have any role in that ceremony that you have learned?

MR. FEEHAN: Yes.

MS. CONGENI: Could you describe that role and can you further describe his role in New York City in Chinatown?

MR. FEEHAN: I was told that Eddie Chan inducted one of the Ghost Shadow members into his particular Triad as a lieutenant.

MS. CONGENI: Do you know the reason for that?

MR. FEEHAN: It was a reward. I am not sure for what, but it took place after the attempted assassination of Nicky Louie in Chicago. Eddie Chan, a very powerful figure in New York Chinatown, he was the president of On Leong Tong, approximately a year ago.

Well, he is a man that came to the United States approximately, I would say in 1975 and he is a former police sergeant. He came to New York City, he opened up a jewelry store and he then opened a funeral parlor and now he is the manager and owner of several restaurants in New York. He is the leader of the On Leong Tong.

RAYMOND CHENAULT

MS. CONGENI: We will now hear the testimony of Sergeant Raymond Chenault, a member of the Oakland Police Department who is involved with undercover controlled purchases of heroin from a member of the Hop Sing boys.

THE CHAIRMAN: Before you do that, do we have any other witnesses, Mr. Harmon?

MR. HARMON: Yes.

THE CHAIRMAN: Will that witness take a long time?

MR. HARMON: Approximately 10 or 15 minutes.

THE CHAIRMAN: Proceed and try to make it brief.

MR. CHENAULT: I have been a member of the Oakland Police Department in California for approximately ten years and I had the fortunate circumstances of getting involved firsthand with members of the Chinese organized drug activity.

Across the bay from us in San Francisco, I was aware of the Golden Dragon massacre shooting and approximately four months after that I began a four-month investigation in which I was undercover with a couple of individuals that were involved with the group involved in that shooting.

During the course of my investigation, I purchased quantities of China white heroin, ounce quantities from an individual named Leo Hing and Frank Lee. Both of these individuals have subsequently been prosecuted and served approximately four years in our state penitentiary.

During the course of my investigation, I was taken into confidence by both Mr. Leo Ming and Frank Lee and I learned that Leo Ming was a member of the Hop Sing Tong out of San Francisco and he indicated that Hop Sing Tong was a very powerful group in San Francisco's Chinatown, as well as Los Angeles, and he communicated that their primary activities were heroin trafficking, prostitution, gambling, extortion.

He also indicated to me that the Hop Sing Tong which was generally comprised of older individuals, employed a street gang known as the Hop Sing boys. The other individual I dealt with was the leader of the Hop Sing boys and he also told me during the investigation that he was the intended victim of the Golden Dragon massacre.

During the time I was doing business he said that the boys -- intended to make a profound statement

that no one was safe in Chinatown even in your own home territory.

At that time the Golden Dragon was a very popular hangout for Frankie Lee and the Wah Ching which was an associate that was an affiliate group, associate, the restaurant was owned itself by Hop Sing Tong members who also opened restaurants in Hong Kong and in Los Angeles.

MS. CONGENI: Sergeant Chenault, could you direct your attention to your undercover relationship with the two gang members and how did your relationship grow into a narcotics purchase?

MR. CHENAULT: Well, initially I purchased--we had gotten the information that there was a Chinese individual selling white heroin. That is kind of unusual in that the heroin we normally dealt with was the Mexican variety, much lower quantity of heroin.

Typically our heroin was around one half percent purity. This Asian variety we have learned of was 35 percent pure and therefore when diluted would return quite a great amount of money.

Initially I started purchasing individual quantities from non-Asian members of this organization in Oakland and I negotiated buying

larger quantities and purported to be a dealer myself in that respect.

I was taken into Mr. Ming and he explained the activity of the Tong and among those activities they indicated that the Hop Sing boys and the Wah Ching were commonly used--their ages ranged from 14 years up until 23, 24 years. They are used primarily for any tactics that the other Tongs needed them for.

MS. CONGENI: Sergeant, excuse me, during the course of this investigation, did you learn of any involvement of the Tong headquarters in the narcotics trade?

MR. CHENAULT: Yes, on one of the occasions which is prior to my actual purchase of heroin from these two individuals, our surveillance team which included members of the Drug Enforcement Administration --followed the two principals to the Hop Sing headquarters located on Waverly Street in San Francisco. They went inside the front door, and we maintained a continuous surveillance on the premises.

Later we observed the principals exiting approximately a half a block down from that same

building. I later learned that they had picked up the heroin there, that they stored approximately eight pounds of heroin in the Tong and because it had been constructed at the turn of the century, there is a maze of entrances and exits and underneath the actual building and they entered the building on Waverly and exited it on Grant.

Additionally, they indicated that they used youths because of the California laws. They would import youths from Hong Kong under the age of 14 for the express purpose of committing the extremely violent acts of enforcement that they had. They would use these youngsters up until the age of 14 and 15 to commit murder.

One other thing of interest is that the heroin was smuggled into California via ship through the Port of Los Angeles and after I did a search warrant on Mr. Ying's indictment, I subpoenaed phone records and detected phone calls that indicated he made phone calls to Toronto, Los Angeles, Hong Kong and Queens in New York City.

MS. CONGENI: Were you able to learn that the top management group of the Tong was carefully monitoring the drug sales that you actually engaged

in?

MR. CHENAULT: Yes, Mr. Ieo Ming, he was one of a total of nine persons that got a weekly allotment of one ounce of this China white heroin from the Tong headquarters on Waverly.

He mentioned there was a panel or committee of 47 elders in the Hop Sing Tong that controlled the distribution of the heroin. He also indicated he was violating a trust with that Tong by dealing in quantity with a non-Asian. He told me that the Chinese Tongs exert a great deal of pressure over the Chinese community, they actually police the community rather than call the police, the local police.

Quite often the other Tongs would be called to mediate any disturbance and the Tongs also had a very direct threat over the families of persons that were in influential positions in Chinatown inasmuch and if you didn't go along with the program they would threaten to kill you.

MS. CONGENI: Thank you very much for your testimony.

THE CHAIRMAN: Call your next witness.

Thank you very much.

COMMISSIONER ROWAN: I wonder if you have been able to determine with all these officers why these Chinese gangs are viewed as precursors, what we view as traditional organized crime and what are the connections with the organized crime that Special Agent Feehan mentioned, Italian connection, Sergeant Chenault mentioned prohibition against dealing outside.

I want information about how these things are linked and why these gangs are different.

MR. HARMON: The primary difference is that through the tongs and through the legitimate businesses that are available, banking and otherwise, the heroin network as Fenton Bresler mentions makes a difference because of the fact that organized crime moves large amounts of money.

In particular, as Agent Feehan has testified, there are developing hinges over the years, past several years with heroin traffickers, and these Triad groups which operate primarily through Southeast Asia, but who have members here in the United States to give them access to the United States.

The primary difference is that it may be wrong

to view them as precursors and the way to view these street gangs is in a combination with Triad societies and with the Tongs and with their ability through legitimate businesses to move large amounts of money.

We will have a witness tomorrow who will testify that he operates as a connection between the elements of La Cosa Nostra and the movement of heroin from Southeast Asia as well as personal participation in one of the large ring schemes which will demonstrate the points that you raised as a question today.

COMMISSIONER ROWAN: I will wait.

UNIDENTIFIED WITNESS

MR. RYAN: Mr. Witness, will you pull yourself forward. We cannot use your name today so I will just begin questioning.

Were you a member of the Chinese criminal street gang?

THE WITNESS: Yes.

MR. RYAN: What was the name?

THE WITNESS: Ghost Shadow.

MR. RYAN: Why did you join them?

THE WITNESS: I joined the gang because they can support me with the money and the power that I wanted.

MR. RYAN: What type of illegal activities did your gang, the Ghost Shadows perform?

THE WITNESS: They have illegal gambling house and we take protection money from the prostitutes and we do robbery.

MR. RYAN: I would apologize to the Commission and the audience, there is a voice scrambler being used to protect the witness' identity.

Was the main source of the money to the gang illegal gambling houses?

THE WITNESS: Yes.

MR. RYAN: Were were Ghost Shadow chapters in a number of different cities?

THE WITNESS: Yes, they have it over San Francisco. They have it over New York, Chicago, Texas, Washington and Canada.

MR. RYAN: Was there a time where the New York Ghost Shadows split into two groups and fought with one another?

THE WITNESS: Yes, there was a time in New York.

MR. RYAN: And what were the names of the rival leaders?

THE WITNESS: One part of the leader's name,

Nicky Loie and the other part of the leader's  
nickname Applehead.

MR. RYAN: His nickname was Applehead?

THE WITNESS: Yes.

MR. RYAN: Were you involved with Louie's  
group?

THE WITNESS: Yes.

MR. RYAN: Did they receive support? Did the  
New York Ghost Shadows receive support from other  
cities?

THE WITNESS: Yes, they have support from  
Chicago and Boston.

MR. RYAN: Did these people come to New York  
to fight in the war with him?

THE WITNESS: Yes.

MR. RYAN: Did Nicky Louie provide them with  
guns, apartments, money, the ability to make a  
living?

THE WITNESS: Yes.

MR. RYAN: What kind of activity did you do  
along with the Boston and Chicago groups?

THE WITNESS: The main thing we do is keep  
Nicky Louie alive and keep his illegal business  
running and try to destroy the other group's

business.

MR. RYAN: And when you say you tried to destroy the other group, would that include murdering or killing their leader and their people in the street?

THE WITNESS: Yes.

MR. RYAN: Were there ever gun battles between the two factions of the Ghost Shadow?

THE WITNESS: Yes.

MR. RYAN: And did you participate in those gun battles?

THE WITNESS: Yes, I was.

MR. RYAN: In fact, you're telling us this today because you have become immunized to speak with us, is that correct?

THE WITNESS: Yes.

MR. RYAN: Was there a time when the faction of the Ghost Shadow to which you were a member planned to conduct a massacre in a New York restaurant to kill the rival gang members?

THE WITNESS: Yes, we did. We planned to go in the restaurant and shoot up the place including the rival gang members.

MR. RYAN: You ultimately did not do that?

THE WITNESS: No, we did not.

MR. RYAN: Why?

THE WITNESS: Because we feel it is not safe enough for us to do that.

MR. RYAN: What happened eventually to Nicky Louie?

THE WITNESS: As the Chicago and New York supporter went home he got shot.

MR. RYAN: Was he severely injured or killed?

THE WITNESS: He was injured but he is still alive.

MR. RYAN: Is he retired now?

THE WITNESS: Yes.

MR. RYAN: Because he was shot in this way?

THE WITNESS: Yes.

MR. RYAN: What happened to the Chicago group of Ghost Shadows when they went home to Chicago?

THE WITNESS: When they went home to Chicago they got ambushed by another gang, several people were killed and the rest of the people were forced to join the gang.

MR. RYAN: What happened to the Boston group when they went home?

THE WITNESS: When the Boston people went home they noticed they have another gang rising up.

MR. RYAN: What was the name of that gang?

THE WITNESS: Ping On.

MR. RYAN: Who is their leader?

THE WITNESS: Stephen Tse.

MR. RYAN: Would you say that the gang now is more violent and larger than the time when you were a member?

THE WITNESS: Yes.

MR. RYAN: Do they recruit Vietnamese?

THE WITNESS: Yes, they have around 200 people and 50 percent of them are Vietnamese.

MR. RYAN: Are street gangs such as the Ghost Shadows controlled in some way by the On Leong and Free Mason?

THE WITNESS: Yes, they are one or the other.

MR. RYAN: The illegal gambling house paid protection money to the gang members who worked with them, is that correct?

THE WITNESS: Yes.

MR. RYAN: Do the gambling houses pay the gang to protect them?

THE WITNESS: Yes.

MR. RYAN: Do they pay the Tong to do business?

THE WITNESS: Yes.

MR. RYAN: How much of the illegal gambling money goes to the Tong from the gambling house?

THE WITNESS: There is about twenty percent.

MR. RYAN: Are you aware of any time where members of any gang were used to intimidate or kill witnesses who came forward to talk to the police?

THE WITNESS: Yes.

MR. RYAN: Would they be warned first that they should not talk to the police?

THE WITNESS: Yes.

MR. RYAN: And if they continued to talk to the police?

THE WITNESS: They would try to kill them.

MR. RYAN: You have quit the gang, have you?

THE WITNESS: Yes, I have.

MR. RYAN: Has the gang tried to kill you since you left?

THE WITNESS: Yes, they did.

MR. RYAN: Would they kill you if they knew you testified here today?

THE WITNESS: Yes, they would.

MR. RYAN: When Nicky Louie provided you with guns, that you received to fight in the war,

were they purchased from the Mafia?

THE WITNESS: From what I know, they were purchased from the Mafia.

MR. RYAN: Your Honor, I have no further questions.

THE CHAIRMAN: Any of the Commissioners have any questions?

COMMISSIONER BREWER: During your membership are you aware of any incidents of these crimes, kidnapping, robbery, extortion being committed other than Chinese, Vietnamese or outside the Asian community or were any of these crimes perpetrated against other than Asian people?

THE WITNESS: Not if I know.

COMMISSIONER BREWER: None of them, is that correct?

THE WITNESS: Right.

COMMISSIONER SCLAFANI: I have a few questions for you, Mr. Witness.

How old were you when you first joined the Ghost Shadows? How old are the boys that they recruit now and how do they go about recruiting new members into the gang?

THE WITNESS: First when I joined the gang I was 17.

COMMISSIONER SCLAFANI: Second, what is the

average age of the new boys being recruited into that gang?

THE WITNESS: The average age will be between 15 to 18.

COMMISSIONER SCLAFANI: What is the youngest?

THE WITNESS: Thirteen.

COMMISSIONER SCLAFANI: How do they go about recruiting new members now for the gang?

THE WITNESS: Usually it is in high school.

COMMISSIONER SCLAFANI: Do they go to the high school to recruit them?

THE WITNESS: Yes.

COMMISSIONER SCLAFANI: Into the high school itself?

THE WITNESS: Yes.

COMMISSIONER SCLAFANI: How do they do that?

THE WITNESS: They have people attend school, too.

COMMISSIONER SCLAFANI: Thank you.

THE CHAIRMAN: You mean people who recommend these youngsters?

MR. RYAN: Your Honor, the witness has told me at different times they would beat up the young people as a way of intimidating them and making them

join.

Do they beat them up to make them join?

THE WITNESS: Usually it is by force.

THE CHAIRMAN: Thank you.

You may excuse the witness.

MR. HARMON: Mr. Chairman, that represents the final witness of the hearing today.

THE CHAIRMAN: Thank you, Mr. Harmon.

I would just like to say seeing how many witnesses, I would say a great number of witnesses are here today.

We recognize that some of the statements dealt with subjects and people that have not been familiar to the public.

You know something about our mandate which is to educate particularly with respect to the public, with respect to organized crime and methods it utilizes in operation.

Now, we ask you to be patient as we try to be when we here are unfamiliar with names, unfamiliar with subject and help us disclose these emerging groups which at some point you observe later joins with the classy organized crime groups.

Now, because of distance or language

difficulties we cannot ignore this threat on American life and since our mandate is to expose organized crime to whatever form it takes, we ask you to understand why we are doing precisely what we have done here this morning.

Now, the Commissioners, I am very grateful for them to have them giving us their time, energy and, moreover, all of us performing a dangerous task.

It is difficult and although on occasion the presentation may seem a bit foggy, that is the nature of our objective which is to educate and ultimately have the appropriate forum.

Bear in mind that persuasiveness in narcotics is condemning our youth, citizens.

Now, having said that, unless there is something further from counsel, we will recess until 10 o'clock tomorrow morning.

We will stand in recess.

(Whereupon, these proceedings were adjourned.)

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

OPEN HEARING

October 24, 1984

26 Wall Street  
New York, New York

JUDGE IRVING R. KAUFMAN, CHAIRMAN

THE CHAIRMAN: Come to order, please.

This is the second day of public hearings of The President's Commission on Organized Crime.

Yesterday we heard from the Attorney General of the United States. He discussed efforts of the Department of Justice in the battle against organized criminal groups.

The Attorney General made clear that organized crime is becoming international in scope and that emerging groups originating in Asia are on the horizon and are a significant threat to American society.

The testimony we heard yesterday concerning Chinese Triads from experts, gang members and witnesses illustrated the nature and extent of this menace.

Today we will conclude our inquiry into Chinese Triads by examining the links between these groups and the traditional Sicilian La Cosa Nostra families and we will then extend our investigation by exposing the inner workings of another criminal organization, the Japanese Yakuza.

So, with that, Jim Harmon, would you call your first witness.

JAMES D. HARMON, JR., EXECUTIVE DIRECTOR

MR. HARMON: Mr. Chairman, before turning to today's witnesses, it would do well to summarize the pieces of the mosaic already in place which begin to describe the nature of the threat posed by Chinese organized crime now and in the future.

Triads are secret societies which arose originally hundreds of years ago in China for political reasons.

At some point, the Triads outside of the United States became purely criminal organizations.

Triads exist today outside of the United States in much the same form as they have existed for years.

Some members of these Asian Triads migrated to other parts of the world.

There have arisen in the United States and Canada criminal organizations which draw upon the tradition of the Asian Triads and the fear engendered by them.

In contrast to the Triads, Tongs are associations which exist openly and are based

upon family or legitimate business affiliations.

Some Tongs in this country harbor members of the Asian Triads or their American counterparts, who in turn control street gangs which, for the first time, have begun to be observed trafficking in heroin and cocaine.

The street gangs force new members to join their ranks, sometimes as young as thirteen years old. In one case, a street gang procured guns from Mafia.

The Triads and their United States counterparts are positioned to participate in the Southeast Asian heroin traffic.

The extent of their participation and the identity of the participants are not known to federal law enforcement.

Today, in capsule form, we will hear from a courier about the way in which Sicilian heroin traffickers found their Asian connection in one instance.

Also, we will explore the heroin trafficking capabilities of one Triad known as the 14K Triad operating from Hong Kong through The Netherlands to United States servicemen stationed in Europe

and, on occasion, to the United States.

Finally, to conclude the segment on Chinese organized crime, we will explore its impact on a small town, Monterey Park, California.

FRANKLIN LIU

With your permission, Chairman, the questioning of the first witness will be conducted by Rod Smith, the Deputy Executive member.

F R A N K L I N   L I U,   having been first duly sworn  
by the Marshal, testified as follows:

MR. SMITH: What is your name, sir?

MR. LIU: Franklin Liu.

MR. SMITH: How old are you, Mr. Liu?

MR. LIU: 53.

MR. SMITH: Where were you born?

MR. LIU: Hong Kong.

MR. SMITH: And where do you live now?

MR. LIU: In prison.

MR. SMITH: In prison in this country?

MR. LIU: Yes, sir.

MR. SMITH: For what events were you convicted,  
and how long were you sentenced for?

MR. LIU: My sentence is ten years and it is  
involving with conspiracy and importation of heroin.

MR. SMITH: How long have you served that sentence, Mr. Liu?

MR. LIU: Two years.

MR. SMITH: When did you first visit this country?

MR. LIU: In the year 1971.

MR. SMITH: What was the nature of your visit?

MR. LIU: Business.

MR. SMITH: And over the next ten years, did you continue to visit the United States periodically?

MR. LIU: Yes, sir, I did.

MR. SMITH: What was the nature of your business during that time?

MR. LIU: Ready made garments, mostly of the clothings.

MR. SMITH: During that time did you have an associate here in this country named Andy Woo?

MR. LIU: Yes.

MR. SMITH: Did you know Mr. Woo for quite some time?

MR. LIU: Yes.

MR. SMITH: How long would you say?

MR. LIU: More than 25 years.

MR. SMITH: Is he from Hong Kong, also?

MR. LIU: Yes, sir.

MR. SMITH: But he lived here in this country at that time?

MR. LIU: Yes.

MR. SMITH: Did there come a time about 1981, when Mr. Woo introduced you to a man here in the United States with whom he was doing business?

MR. LIU: Yes.

MR. SMITH: What was the name of that man?

MR. LIU: Antonio Turano.

MR. SMITH: For the record, at that time, Mr. Chairman, Mr. Antonio Turano was a made member of La Cosa Nostra in Italy and a known associate of a La Cosa Nostra family in New York.

THE CHAIRMAN: Repeat the name of that gentleman.

MR. SMITH: Turano, T-u-r-a-n-o.

When Mr. Woo introduced you to Antonio Turano, did Mr. Turano make any particular request of you?

MR. LIU: Yes.

MR. SMITH: And what was his first request?

MR. LIU: Request us to open L.C. to cover the shipment from Taiwan.

MR. SMITH: What is L.C.?

MR. LIU: Letter of credit opened by the bank.

MR. SMITH: And did you open a letter of credit for Mr. Turano?

MR. LIU: I did.

MR. SMITH: Isn't it a fact, Mr. Liu, that Mr. Turano could have opened his own letter of credit there?

MR. LIU: Yes, he can do it himself.

MR. SMITH: Was it explained to you why it was necessary for you to do it on his behalf?

MR. LIU: Because he said the credit line of his was used already and he said that his financial situation is tightened up at that time.

MR. SMITH: And in the course of later events, did you learn that there was another reason why he asked you to do that?

MR. LIU: Maybe he just wanted to test us and see what is our capacity and also a measure of trustworthiness.

MR. SMITH: Some time after you arranged the letter of credit from Mr. Turano, did he ask you and Mr. Woo to do something else for him?

MR. LIU: Yes, he did.

MR. SMITH: What was that?

MR. LIU: He asked us to send some money out

of the United States to Italy.

MR. SMITH: And did he actually deliver money to you physically?

MR. LIU: Yes, he did.

MR. SMITH: How did he do that?

MR. LIU: He brought a big suitcase of all cash money in U. S. Currency.

MR. SMITH: Did you see that money?

MR. LIU: Yes, I did.

MR. SMITH: Was it new bills or old bills?

MR. LIU: It is old and new bills in bundles.

MR. SMITH: And in what denominations?

MR. LIU: From \$5 to \$100.

MR. SMITH: And approximately how much money was in that suitcase?

MR. LIU: I can't remember the exact figure, but it's about \$400,000.

MR. SMITH: Did you and Mr. Woo undertake to move that money to Italy for Antonio Turano?

MR. LIU: We wire out to Zurich, Switzerland.

MR. SMITH: How did you wire it to Zurich, Switzerland?

MR. LIU: Mr. Woo brought the money to the bank here in New York and asked them to send it out by

wire to a person in Zurich, Switzerland. His name is Mr. Beck.

MR. SMITH: Mr. Beck was a person known to you and Mr. Woo?

MR. LIU: Yes.

MR. SMITH: The banks that Mr. Woo used were banks in which he had commercial accounts already?

MR. LIU: Yes.

MR. SMITH: Now, Mr. Liu, isn't it a fact that United States Law requires a filing by the bank of a form with the United States Treasury for deposits over \$10,000?

MR. LIU: I believe so.

MR. SMITH: In fact, Mr. Woo made the deposits over \$10,000 in accomplishing this transfer; didn't he?

MR. LIU: Yes.

MR. SMITH: Were those necessary forms filed in this case?

MR. LIU: I don't think so, because he has friends in the bank.

MR. SMITH: After Mr. Woo wired the money to Zurich, what did you do?

MR. LIU: He asked me to go there to make sure

the money has been delivered.

MR. SMITH: Who asked you?

MR. LIU: Mr. Woo.

MR. SMITH: And where did you go?

MR. LIU: I went to Milan, Italy.

MR. SMITH: Did anyone go with you?

MR. LIU: Mr. Turano.

MR. SMITH: What were you to do in Milan?

MR. LIU: I stayed in the hotel and waiting  
for money to be delivered to me by Mr. Beck.

MR. SMITH: Was it delivered to you?

MR. LIU: Yes.

MR. SMITH: In what form was it at that time?

MR. LIU: Suitcases of money.

MR. SMITH: Was the money in American dollars?

MR. LIU: No, that is Italian lira.

MR. SMITH: And did Mr. Beck give you the  
\$400,000 in lira there in Milan?

MR. LIU: I don't know the exact amount.

MR. SMITH: But he gave you the money?

MR. LIU: Yes, he gave me the money.

MR. SMITH: What did you do with the money?

MR. LIU: As soon as I received the money I  
handed it over to Mr. Antonio Turano.

MR. SMITH: Physically?

MR. LIU: Yes.

MR. SMITH: Was anyone with Mr. Turano at that time?

MR. LIU: Yes, another Italian guy.

MR. SMITH: What was his name?

MR. LIU: Mr. Gaetano.

MR. SMITH: Gaetano is his first name?

MR. LIU: I think so.

MR. SMITH: You never knew his last name?

MR. LIU: No.

MR. SMITH: After you delivered the money to Mr. Turano, in Milan, did you come back to this country?

MR. LIU: Yes.

MR. SMITH: After you came back to this country, did Mr. Turano ask you to do anything further for him?

MR. LIU: He asked us that whether you have any connection in the Far East about drugs.

MR. SMITH: Before he asked you about that, those drugs, did he ever ask you to move money for him again?

MR. LIU: Yes.

MR. SMITH: The second time that he asked you to move money for him, what did he ask you to do?

MR. LIU: He asked us to do the same thing. He asked us to deliver the money in Italy. He brought us also a full case of -- a full suitcase of cash money and we brought it over to 47th Street.

MR. SMITH: Mr. Liu, when he delivered the money to you the second time, did you see the money?

MR. LIU: Yes, I did see it.

MR. SMITH: Again, was it in bundles of small bills, both new and used?

MR. LIU: Yes.

MR. SMITH: And after it was delivered to you by Mr. Turano, did you contact your associate Beck for instructions as to how to move it?

MR. LIU: Yes.

MR. SMITH: And what did Beck tell you to do?

MR. LIU: He asked us to do not send the money by wire, just bring it over to 47th Street to a person.

MR. SMITH: And did he describe that person to you and tell you where to find him?

MR. LIU: He gave us the name, but I forget the name. I don't know the name now, but he wears

a black shirt and a black hat, also with a beard in his face.

MR. SMITH: And did you deliver the \$400,000 in cash to that man on 47th Street?

MR. LIU: Yes.

MR. SMITH: At the time you delivered it to him, what did he do?

MR. LIU: He count it. After he count them and he make a call to Europe, I think it is to Mr. Beck, and told him that his -- he received the money.

MR. SMITH: Now, for these two transactions, the \$400,000 that you wired to Mr. Woo's commercial account, and the \$400,000 that you delivered to 47th Street, were you paid?

MR. LIU: No.

MR. SMITH: Were your expenses paid for your trip to Italy?

MR. LIU: Yes.

MR. SMITH: Was Mr. Woo paid?

MR. LIU: Yes.

MR. SMITH: What did he receive?

MR. LIU: Four percent.

MR. SMITH: After the second time that you moved this cash for Mr. Turano, did there come a time

when he asked you to do something else?

MR. LIU: Yes, he asked us whether you have any connection with the drugs.

MR. SMITH: Drugs where?

MR. LIU: In Hong Kong or in the Far East.

MR. SMITH: And what did you tell him?

MR. LIU: We don't know. We have no connection, of course. We told him that we have no connection.

MR. SMITH: Now, sometime after you told him that, did you yourself prepare to go to Hong Kong?

MR. LIU: Yes.

MR. SMITH: And what was the reason for your visit?

MR. LIU: Because my son's wedding.

MR. SMITH: As you prepared to go to Hong Kong, did Mr. Turano make any request of you?

MR. LIU: Yes, he asked me to bring a letter over to Hong Kong.

MR. SMITH: Did you take that letter to Hong Kong?

MR. LIU: I did.

MR. SMITH: Did you give it to someone in particular?

MR. LIU: Yes.

MR. SMITH: How did you know whom to give it?

MR. LIU: Because the name and telephone number is written on the envelope.

MR. SMITH: And did you call that number when you arrived in Hong Kong?

MR. LIU: I did.

MR. SMITH: Did you meet the person with whom you were to meet?

MR. LIU: I did.

MR. SMITH: Where did you meet?

MR. LIU: In a coffee shop of a hotel. He know me by paging phone, he paged me.

MR. SMITH: What was the name that you were given for this man?

MR. LIU: Mr. Chu.

MR. SMITH: Is this a common name in Hong Kong?

MR. LIU: Yes.

MR. SMITH: When you met him what did he look like to you?

MR. LIU: He appeared as a very wealthy gentleman. He wear a very -- he dress good and also he wearing a very expensive gold Rolex watch.

MR. SMITH: Did you know anything else about Mr. Chu?

MR. LIU: No.

MR. SMITH: After you delivered the letter to him and went to your son's wedding, did you come back to this country?

MR. LIU: Right.

MR. SMITH: When you got here, did you tell Mr. Turano that you made that delivery?

MR. LIU: Yes.

MR. SMITH: Did there come a time later when Mr. Turano asked you to do more?

MR. LIU: No, he just asked us to -- after about ten days, after I returned to the United States and he said to us that he has already arranged how to -- the supply of the drugs.

MR. SMITH: What drugs in particular?

MR. LIU: Heroin.

MR. SMITH: Did he tell you anything else?

MR. LIU: And he asked us to don't be afraid, that you just contact people. You don't have to touch nothing. You just contact.

MR. SMITH: Did he tell you what you would be paid?

MR. LIU: Yes.

MR. SMITH: How much were you to be paid?

MR. LIU: \$5,000 a kilo.

MR. SMITH: Did he give you any warnings?

MR. LIU: Of course.

MR. SMITH: What were the warnings?

MR. LIU: He said that you know that I am very powerful in this country and I hope you don't betray me or be unfaithful to me.

MR. SMITH: Now, after he had talked with you, did he tell you that you would be contacted by anyone?

MR. LIU: Yes.

MR. SMITH: Were you contacted?

MR. LIU: Yes.

MR. SMITH: By whom?

MR. LIU: By a female whose name is Mayuret.

MR. SMITH: This is a Thai name, is that correct?

MR. LIU: Yes.

MR. SMITH: She contacted you by telephone?

MR. LIU: By telephone.

MR. SMITH: When she contacted you, did she speak in English?

MR. LIU: No, Mandarin.

MR. SMITH: Did Mr. Turano know that you spoke

Mandarin?

MR. LIU: Yes.

MR. SMITH: When Mayuret contacted you by telephone, what did she ask you to do?

MR. LIU: She asked me to go over to her hotel room.

MR. SMITH: And did you go?

MR. LIU: Yes, I did.

MR. SMITH: That was here in New York?

MR. LIU: Yes.

MR. SMITH: And when you went to her hotel room, what happened then?

MR. LIU: And as soon as I arrived in the hotel room, I took out half of a dollar bill.

MR. SMITH: Where did you receive half of the dollar bill?

MR. LIU: From Mr. Antonio Turano.

MR. SMITH: And what did you do with that half of the dollar bill?

MR. LIU: It is some sort of identification.

MR. SMITH: What did you do with it?

MR. LIU: I brought it out and she took it out too, another half, so she match it whether it is matching.

MR. SMITH: And this identified you as Mr.

Turano's courier?

MR. LIU: Yes.

MR. SMITH: After she matched the halves of the dollar bill, what did you do?

MR. LIU: I gave her a set of car keys and she asked me to call her back in the afternoon.

MR. SMITH: At that time did she tell you that she had any experience in moving heroin?

MR. LIU: This is the first time for her to come to the United States, she said, but she have experience in other countries.

MR. SMITH: What countries in particular?

MR. LIU: I think it is Europe, I don't know.

MR. SMITH: And after you gave her the car keys, did you leave?

MR. LIU: Yes.

MR. SMITH: And did you call her back as she requested?

MR. LIU: Yes.

MR. SMITH: What happened then?

MR. LIU: She asked me to call her back tomorrow because the stuff wasn't ready yet.

MR. SMITH: Did you call her back the next morning?

MR. LIU: Yes--she called me before I called her.

MR. SMITH: And what did she say?

MR. LIU: She said everything is ready and asked me to go immediately to her room.

MR. SMITH: And did you go there?

MR. LIU: Yes, I did.

MR. SMITH: What happened there?

MR. LIU: And she said that the stuff is inside the trunk of her car and she gave me back the set of keys, car keys and asked me to tell my boss that to prepare \$40,000 in cash and \$60,000 in bank check payable to her name.

MR. SMITH: Did you take that message back to Mr. Turano?

MR. LIU: Yes, I did.

MR. SMITH: Where was he?

MR. LIU: Across the street at his home.

MR. SMITH: Was there anyone there with him?

MR. LIU: Mr. Gaetano, Mr. Andy Woo.

MR. SMITH: This is the same Gaetano that you had seen in the hotel in Milan with Andy Turano?

MR. LIU: Yes.

MR. SMITH: Mr. Chairman, Mr. Gaetano who was present in Milan, in the hotel room, is Mr.

Gaetano Giufrida, a known member of a La Cosa Nostra faction.

THE CHAIRMAN: Where is he today, counsel?

Do you know where he is?

MR. SMITH: Your Honor, he is believed to be incarcerated in Italy.

After you delivered the car keys and the message to Mr. Turano, what did you do?

MR. LIU: I, Andy Woo went to Washington, D.C.

MR. SMITH: Just for the evening?

MR. LIU: Yes.

MR. SMITH: Did that have anything to do with the heroin trade?

MR. LIU: Nothing.

MR. SMITH: But it kept you from being arrested that night, didn't it?

MR. LIU: Yes.

MR. SMITH: Did there come a time the next day when you went to Mr. Turano's office to pick up the money?

MR. LIU: Yes.

MR. SMITH: Was Mr. Turano there?

MR. LIU: No, he wasn't there because--we waited for almost two hours. He didn't show up.

MR. SMITH: In fact, you later learned he had already been arrested, isn't that true?

MR. LIU: Yes.

MR. SMITH: What did you do then?

MR. LIU: We went back to our office and we arrested -- we got arrested, too.

MR. SMITH: Who arrested you?

MR. LIU: DEA.

MR. SMITH: And following that arrest you were tried and convicted for conspiracy to import heroin?

MR. LIU: Yes, sir.

MR. SMITH: And Mr. Woo was also convicted?

MR. LIU: Yes, sir.

MR. SMITH: Mayuret was convicted?

MR. LIU: Yes.

MR. SMITH: Mr. Turano was convicted?

MR. LIU: No, he was murdered.

MR. SMITH: Mr. Chairman, that concludes my questioning of the witness. He is available for questioning.

THE CHAIRMAN: Thank you.

Commissioner Rodino would like to ask a question.

COMMISSIONER RODINO: Mr. Chairman, I would

like to ask the witness to tell us how he traveled to the United States in his first entry from Hong Kong.

MR. LIU: Visa, business Visa.

COMMISSIONER RODINO: Was he a businessman before his --

MR. LIU: Excuse me, sir?

COMMISSIONER RODINO: Were you a businessman before you procured that business Visa?

MR. LIU: (No response.)

THE CHAIRMAN: He wants to know if you were a businessman before you received a business Visa?

MR. LIU: Yes, of course.

I had been in business for almost thirty years.

COMMISSIONER RODINO: What kind of a travel document did you get from the Immigration Service when you said you returned for somebody's wedding reception, one of your family members?

MR. LIU: Excuse me, sir, I can't hear you.

COMMISSIONER RODINO: What kind of travel document did the Immigration Service issue to you when you returned to Hong Kong for the family wedding reception?

MR. LIU: Oh, you mean in the United States?

I went back to Hong Kong for my son's wedding.

COMMISSIONER RODINO: Yes.

MR. LIU: I don't need any documentation because my Visa is good for four years.

That is multi entrance of the United States. I am holding a Hong Kong passport which mean I can travel any time I want to.

COMMISSIONER RODINO: So you didn't have to advise your service that you were leaving the service to go back to Hong Kong?

MR. LIU: I don't have to.

COMMISSIONER RODINO: Were you aware of any other dealings by Turano and other individuals with which he was involved and if you were, did you inform the authorities?

MR. LIU: I don't know, sir.

COMMISSIONER RODINO: What other countries or other individuals were part of Turano's drug trafficking money laundering?

You mentioned Israel, you mentioned Switzerland, you mentioned the young lady in Thailand. Were there other countries involved that you know of from your conversations or your dealings with Mr. Turano?

MR. LIU: I have no idea, sir.

COMMISSIONER RODINO: Thank you.

THE CHAIRMAN: I would like to ask you one question.

How did you know Turano was a member of La Cosa Nostra?

MR. LIU: Excuse me, sir?

MR. SMITH: Mr. Liu, did you know at the time you met Antonio Turano or any time you dealt with him that he was in fact, a member of organized crime?

MR. LIU: At first we don't know.

MR. SMITH: When did you find out?

MR. LIU: After Mr. Woo told me that he presumed that and he think that. He is not a very legitimate businessman so he said that I don't want to do business any more with him.

Unfortunately, Mr. Andy Woo dealing at that time, his financial situation is very poor. That is why he asked me to do just simply do him a favor, try to help him out with the financial situation by doing, contact man for Mr. Antonio.

THE CHAIRMAN: Are there any other questions?

COMMISSIONER SCLAFANI: Yes, thank you, Mr. Chairman.

Mr. Liu, with respect to the \$400,000 that was wired to Switzerland, you mentioned that the proper documentation was not done in this country because Mr. Woo had friends at a bank?

MR. LIU: Yes.

COMMISSIONER SCLAFANI: Did you know what bank that was and who his friends were in the bank?

MR. LIU: He has few banks, I mean he has accounts in several banks.

COMMISSIONER SCLAFANI: Do you know what banks they were?

MR. LIU: Oh, yes. I have heard that the Northern Bank of America -- National Bank of North America and the Manufacturers Hanover. Also the Citibank of New York.

COMMISSIONER SCLAFANI: Do you know who his friends were in these banks?

MR. LIU: I don't know.

COMMISSIONER SCLAFANI: Do you know what position they held on the banks?

MR. LIU: Must be higher than a manager.

COMMISSIONER SCLAFANI: Higher than a manager?

MR. LIU: Yes.

COMMISSIONER SCLAFANI: Thank you very much.

MR. SMITH: Mr. Chairman, to conclude this witness, I would like to note for the record that the case in connection with Mr. Liu and others arrested involved the importation of 15 kilograms, that is 33 pounds of 97 percent pure heroin in this country.

THE CHAIRMAN: Can you tell us who was convicted with him?

MR. SMITH: Mr. Liu, Mr. Andy Woo, the courier, Mr. Mayuret were convicted. Mr. Turano was charged, but I understand Turano was murdered and found in a car trunk in Queens prior to trial.

THE CHAIRMAN: Thank you.

MR. HARMON: Mr. Chairman, the testimony of this witness represents one of a series of examples developing recently where elements of La Cosa Nostra primarily in New York City are actively seeking out Asian connections as sources for heroin from Southeast Asia.

The prime example of this is a case which has been known popularly as the Pizza Connection which involved Sicilian and American Mafia organized crime figures and which also involved operations in South America and Italy.

A portion of the heroin seized in that

particular case originated in Southeast Asia.

As has become evidence through the course of these two days of hearings and as a result of the testimony of this past witness and the few cases developing such as the Pizza Connection case, it has become obvious that the international aspects of organized crime, as the Attorney General has said, are extremely important.

RICHARD WEIJENBURG, ARIE BAX

MR. HARMON: We have as our next witnesses, Mr. Chairman, representatives from law enforcement agencies in The Netherlands. The two witnesses are Detective Sergeant Arie Bax of the Amsterdam Police who has been a policeman for 25 years.

He has worked exclusively in cases in the Chinese community since 1979 as an intelligence specialist. Prior to his assignment to Chinese cases he worked in a narcotics squad handling Chinese heroin cases, among others.

Richard Weijenburg is a Police Superintendent with the Dutch National Criminal Intelligence Service. He is assigned to the Central Narcotics Bureau.

Prior to joining the Intelligence Service he

was a police officer in Amsterdam for nine years.

They are here, Mr. Chairman, to explain the inner workings of the most notorious of the Triads operating out of Hong Kong, the 14K Triad, to explain the difficulties in penetrating these Triads and to explain the nature of their heroin trafficking activities from Hong Kong and through Europe.

Will the Marshal please swear in the witnesses.

(Whereupon, at this time the Marshal swore in the witnesses.)

R I C H A R D     W E I J E N B U R G,     having been first duly sworn by the Marshal, testified as follows:

A R I E     B A X,     having been first duly sworn by the Marshal, testified as follows:

MR. HARMON: Each of these witnesses has a prepared statement which members of the Commission have before them.

If each of you would take this opportunity in turn, beginning with Mr. Weijenburg, to please summarize and explain in your own words, your view of the problem presented by the Triads.

MR. WEIJENBURG: Thank you.

My job is to advise local narcotics squads in The Netherlands--

THE CHAIRMAN: Speak up, please.

MR. WEIJENBURG: My job is to advise local narcotics squads in The Netherlands about cases involving Chinese criminal groups, and to coordinate such investigations at the national and international levels.

For that reason, I work with a lot of police forces in foreign countries including the United States. Two officers in my department are stationed in Bangkok to continue relations and communications with the authorities throughout Asia.

As a national office, our department disseminates and analyzes information from various Dutch and international police forces concerning Chinese criminal organizations.

In my experience I saw the rise of the Chinese criminal societies in the early 70s until 1976. I saw their destruction in the late 70s and their subsequent revival as of 1981.

From the early 70s until 1976, the heroin trade and the control of the gambling houses were almost exclusively in the hands of the Triad groups from Hong Kong aided by a true traditional Triad called the 14K.

The murder of a 14K godfather in 1976 in Amsterdam was the beginning of a period characterized by a struggle for power between radical factions in Hong Kong, Malaysia and Singapore. That conflict was won by a Singaporean syndicate that chased the Hong Kong Chinese out of Amsterdam, thus spreading these organizations all over The Netherlands, including Rotterdam.

In the late 70s the power of the Chinese criminal Triad groups was weakened by several years of opium crop failures, the emergence of Turkish heroin traffickers, severe national and international police actions, including the deportation of known criminals, and a stiffer penalty for narcotics trafficking in Holland.

After a period of approximately two years, the Chinese Triads recaptured a major share of the narcotics market.

My Department's information indicated that the Chinese share of the heroin market went from 95 percent in the mid- 70s to 10 percent in the late 1970s and is presently believed to be 40 percent of the market.

Chinese organized criminal endeavors include

extortion, blackmail, robbery, gambling and acts of violence against members of rival groups and disobedient members of their own group. The nature of this violence is demonstrated by statistics during the 70s which showed the violent death of two Chinese godfathers, six rival group members and at least three disobedient couriers.

The members of the Singapore Triad went to Hong Kong to murder the godfathers and left Hong Kong within less than one hour after the murder, thus demonstrating the international character and the mobility of Chinese organized crime.

The present situation in Holland shows that the control of the Chinese heroin trade is in the hands of Hong Kong Triad groups who are organized in small and medium-sized syndicates.

Police investigations have indicated that these syndicates come in contact with each other and assist each other when necessary, stemming from their common 14K Triad background. A recent development is that the Chinese Triads have begun to import pure heroin for processing in illegal laboratories in Holland. During the past few years, the police have dismantled seven of these laboratories.

In 1984, to date, 200 kilograms of Southeast Asian heroin were seized enroute from Asia to The Netherlands. It is evident to authorities that there is a serious problem in The Netherlands regarding Chinese criminal activities and that we must continue to fight this problem with all legal means at the local, national and international levels.

MR. HARMON: Have you seen any evidence, Mr. Weijenburg, of the importation, through these Chinese networks, of heroin from The Netherlands to the United States?

MR. WEIJENBURG: I can recall two cases in which the Chinese criminal groups were directly involved in the smuggling of heroin from The Netherlands to the United States.

MR. HARMON: Now, you mentioned that you have dismantled a number of laboratories, refining laboratories in The Netherlands. Were these refining laboratories for heroin originating in Southeast Asia?

MR. WEIJENBURG: Well, pure heroin was imported into The Netherlands by the syndicate. This syndicate has its own laboratory, but how --

MR. HARMON: Does the heroin imported by the

14K Triad find its way onto the streets of the cities of Holland?

MR. WEIJENBURG: This was true until last year. We were surprised by the fact that our laboratories have now conducted examinations of what we call Chinese heroin and found that the heroin seized by the police in the streets originated from Turkey and Pakistan.

MR. HARMON: So that the heroin imported by the Triads is not appearing in The Netherlands, is that correct?

MR. WEIJENBURG: That's correct, yes.

MR. HARMON: As best you can tell, to what other countries is this heroin being exported from The Netherlands?

MR. WEIJENBURG: Now it is being imported to countries like West Germany, Belgium and Spain. Besides that, we have confidential information that the Chinese sell heroin to Turkish groups, and they mix Chinese heroin with their own heroin and put it on the streets.

That might be one of the reasons why we don't find the Chinese heroin in the street.

MR. HARMON: You described syndicates, Mr.

Weijenburg. Are they all of a common background?

MR. WEIJENBURG: Yes, they share the rule of internal structure and discipline.

MR. HARMON: How complex is the structure of these groups?

MR. WEIJENBURG: Very complex. These groups have transport divisions, accounting divisions, and security divisions at the mid-level, and negotiators at the top level.

MR. HARMON: Is it true that at the height of the pre-1975 heroin trade some Chinese restaurants sold more heroin than food in The Netherlands?

MR. WEIJENBURG: Yes, as a matter of volume, yes.

MR. HARMON: You mentioned during the course of your prepared statement that many syndicates, the various members know one another?

MR. WEIJENBURG: Yes, they reach each other almost daily, frequently in illegal Chinese gambling houses.

MR. HARMON: In your statement you state that it is farfetched to believe that Triad groups from Holland are controlled by Hong Kong. Isn't it true that they still depend on the Hong Kong groups to

maintain their heroin supply?

MR. WEIJENBURG: Yes, sir.

MR. HARMON: So the situation is one of coordination from mutual interest rather than one of absolute control?

MR. WEIJENBURG: Yes.

MR. HARMON: If I could ask you several questions, Sergeant Bax.

Why has Holland been such an important center for European trafficking since 1971?

MR. BAX: First of all, the drug law before '76 and also free immigration policy was the reason till '76.

MR. HARMON: Well, regarding free immigration policies, is it correct that immigration laws are significant because the heroin trade has always been controlled at the top by foreigners?

MR. BAX: That's correct.

MR. HARMON: Since 1971, how many principal Chinese groups control the heroin trade?

MR. BAX: Two.

MR. HARMON: What are their names?

MR. BAX: First, 14K and also a Malaysian and Singapore syndicate, Ah Kong.

MR. HARMON: Is either of these groups in your opinion considered a true Triad?

MR. BAX: Only 14K.

MR. HARMON: What is the source of the name of that Triad, the source of the 14K?

MR. BAX: 14K is based on the number and street where the secret society was started in Hong Kong. So far that is what --

MR. HARMON: What is the reason that the 14K is considered a true Triad?

MR. BAX: I don't understand the question.

MR. HARMON: What are the reasons that the 14K is considered a true Triad?

MR. BAX: All Chinese membership, tradition, and no outside people inside the organization. Do you understand what I mean?

MR. HARMON: If I could direct your attention to something else, these groups struggled for control of crime in the Chinese community, including the heroin trade in the mid-1970's and this included control of gambling dens. Why are the gambling dens of such importance to the heroin trade in The Netherlands?

MR. BAX: The groups organize the delivery and sale of heroin at the Chinese gambling clubs.

MR. HARMON: Does gambling also bring a source of moneys for use in the heroin trade?

MR. BAX: Yes, the people coming in the gambling clubs use the money that is collected by dealing in drugs.

MR. HARMON: The prepared statement prepared by you and Mr. Weijenburg states that this struggle that you describe was a violent one including shootings and large collections of weapons.

How many killings took place during the course of that struggle?

MR. BAX: At that time nearly six.

MR. HARMON: Is that a very high number of homicides?

MR. BAX: Six, only Chinese killings, not other people.

MR. HARMON: So this was a significant number, is that correct?

MR. BAX: Yes, sir.

MR. HARMON: Did both groups use violence to enforce their discipline, that is the 14K and the Ah Kong?

MR. BAX: Yes, sir.

MR. HARMON: Did they have similar policies for

informants?

MR. BAX: Yes.

MR. HARMON: Would you explain that?

MR. BAX: The policy for informants is to silence them permanently.

MR. HARMON: So there is a risk of death if you are a police officer?

MR. BAX: Yes, sure.

MR. HARMON: How were you able to penetrate the non-Triad group in 1977 --

MR. BAX: That group was organized like a real secret society, such as the Triads, but they had taken in non-Chinese people, people from outside, for example, women to make trips with heroin, and when police arrested these people they spoke immediately and pointed out how the organizations were built, who was the leader and who was giving the orders.

That gave us the possibility to destroy the Singaporean at that time. With the 14K Triad, that is very, very difficult. It is impossible to get in and know what is happening inside the organization.

It is a very close community, nobody from outside has a view inside and that is the power of the 14K.

MR. HARMON: Well, didn't you arrest and put in jail a leader of the 14K Triad?

MR. BAX: Yes.

MR. HARMON: Did he get out of jail?

MR. BAX: He was out of jail in 1980.

MR. HARMON: That was 1980?

MR. BAX: 1980, yes, and at the same moment that he was free, we saw heroin in the Chinese area in Amsterdam, in coffee shops, in the middle of town, that it was coming out all Chinese like before. We knew that was a sign that the man was making a reorganization of the 14K group in Amsterdam.

MR. HARMON: So the 14K again began to build after he got out of jail, is that right?

MR. BAX: That's right.

MR. HARMON: What is the approximate membership of the 14K Triad, how many members?

MR. BAX: Nearly 200, not only in Amsterdam, but let's say Amsterdam, Rotterdam.

MR. HARMON: What was the source of the money for the rebuilding of the 14K?

MR. BAX: Extortion in the Chinese community.

MR. HARMON: And as of today, has the 14K reestablished its control of the heroin market in

The Netherlands?

MR. BAX: Yes.

MR. HARMON: Are they also selling heroin in other parts of Europe?

MR. BAX: Yes, they do, but we don't know about Belgium, Germany.

MR. HARMON: What about American G.I.s serving in Belgium?

MR. BAX: Not directly.

MR. HARMON: What do you mean by not directly?

MR. BAX: The Triads deliver the heroin to a lower dealer or suppliers, and they sell it to foreign customers, foreign clients, including G.I.s in Germany, but they do not sell directly from Chinese to an American, because they don't trust strangers, especially Americans.

Every American you ask who's looking for heroin is suspected by the Chinese because of the fear they work for their government.

MR. HARMON: So they have a great reluctance in dealing directly with Americans; is that right?

MR. BAX: Yes.

MR. HARMON: Now, are you familiar with the structure, the organization of the 14K Triad?

MR. BAX: I don't understand.

MR. HARMON: Is there a leader of the 14K Triad?

MR. BAX: Yes.

MR. HARMON: Can I ask that the chart be brought up closer to the witness but placed where the Commissioners can see it.

Will you explain the organization of the 14K Triad and how it exerts its control on the Triad operating in The Netherlands?

MR. BAX: Yes, sir. I will try in the short time to explain what it means. What it means is represented on this diagram. You have the leader Chu Chi with the name 489, a very important number.

Years ago the Triad emerged in China from a political situation when the empire was coming and some groups went underground, and it was called a secret society.

Nearly 2,000 years ago, it is a long time it was a long time it was a magic figure and the magic figure is 3, 7 and 5. Three means to create, seven means death and five means a long life. When you count the four and the eight and the nine together, you have 15 --

MR. HARMON: Before you get to the significance



of the numbers --

MR. BAX: Wait a minute, four, eight, nine means 21.

MR. HARMON: Does each position in the Triad organization have a name such as the Chu Chi, as well as a number?

MR. BAX: Yes.

MR. HARMON: Associated with that position?

MR. BAX: Yes.

MR. HARMON: Before we get into the structure in general, in particular, in Holland, how is the structure, how did it show itself in Holland? Do you know who the leader of the 14K Triad is?

MR. BAX: In Hong Kong, you mean?

MR. HARMON: Yes.

MR. BAX: No. I know who the leader is in Amsterdam.

MR. HARMON: Please go ahead.

MR. BAX: Yes. And that is mentioned on this diagram as the four, three, eight. When you see this, what you have to explain to the people--

MR. HARMON: If I could just interrupt you for a minute, Sergeant Bax, Does the deputy leader of the 14K Triad operate in Holland?

MR. BAX: Yes.

MR. HARMON: How does he do that?

MR. BAX: As I explained, the leader, that deputy leader, started to form an organization and asked two men, five, four, six and forty-nine members --

MR. HARMON: What is the job of the four twenty-six?

MR. BAX: In an army they call the man the sergeant, who gets orders from the officer.

MR. HARMON: The forty-nine are the soldiers who report to the sergeant, is that correct, sir?

MR. BAX: Yes, they go all together, in extortion, as you go on the way, go to a restaurant and he was the man who gives the orders and that is the man who does the job.

MR. HARMON: And the leader of 14K is in Hong Kong, is that right?

MR. BAX: That's correct.

MR. HARMON: Does the deputy leader go back and forth between The Netherlands and Hong Kong?

MR. BAX: Yes, sometime, that man you speak of, he was most of the time in Amsterdam, but sometimes he travels to Hong Kong and he was also the

administrative messenger or official. He has the contacts in Hong Kong.

MR. HARMON: What are your concerns for the future with regard to the Triad?

MR. BAX: First, the trade is growing. We have now laboratories in Amsterdam making heroin. That means for a courier, a smuggler, it is easier to bring heroin into Holland in small amounts and manufacture it here and sell it. It is lower in quantity and it is difficult, more difficult to arrest and catch the people.

The second is what we now call in Holland the second generation of the Chinese, the Dutch-born Chinese.

They will be in the future more violent than the Chinese have been in the past. This is because the Chinese have two mentalities, the Eastern mentality and the Western, Dutch mentality and the second generation Chinese knows how to go and speak the language.

The last thing I say, we are concerned the way they come into the secret societies, starting in Amsterdam.

It is hard and frustrating always to close the

door. You see, you can't go in and have a view on the whole Triad 14K. That is all I say.

MR. HARMON: Have you been able to penetrate the 14K Triad?

MR. BAX: No.

MR. HARMON: Okay, Mr. Chairman, the witness is available for questions from the Commission.

THE CHAIRMAN: Thank you.

I would like to ask the question of Mr. Weijenburg.

You and your associate testified here this morning and it is a very interesting tale which you tell this Commission.

Can you tell what relationship your testimony has to Chinese organized criminal groups in the United States?

MR. WEIJENBURG: Let me tell you that we are not aware of what is going on in the United States. We don't know the situation regarding organized crime, Chinese organized crime in the United States.

During our fight against Chinese criminal organizations we found out that several times there have been connections to the United States, either directly in two cases, or indirectly in some cases.

THE CHAIRMAN: Do you happen to know why The Netherlands was selected to come here today. If the situation exists throughout Europe --

MR. WEIJENBURG: I am sorry. I don't understand your question.

THE CHAIRMAN: You said Spain was involved, France was involved, West Germany. Heroin was being sold to these countries, refined in Turkey.

Do you know why you were selected to testify here today instead of representatives from those countries?

MR. HARMON: Perhaps I can best answer that question, your Honor.

We have heard that the Triads are internationally based. We have heard that the Triads are centrally controlled from Hong Kong. We have seen connections between elements of La Cosa Nostra and the Hong Kong heroin traffic.

We also think that there are parallels to be drawn from The Netherlands, in view of the fact federal law enforcement here in this country has no knowledge of the extent the Triads themselves are organizing and operating here in this country.

What we expect and we hope to see from these two witnesses, is to draw upon the benefit of their experience, their ability. We have seen testimony up to this point that there are Triad members here in this country and there are organizations which pattern themselves on the Triads even if historically they simply do not trace their direct lineage to the classic Triads. The situation is similar to that which occurred when elements of the Sicilian Mafia immigrated to the United States, developed their own families, but maintained connections, and in that way developed an international organization.

We further think it is important to point out, as Fenton Bresler indicated yesterday, that the Triads follow the heroin market. They followed it from Vietnam. They followed it to West Germany. He said they followed it to the American servicemen who serve in West Germany. We have been seen through these witnesses indications that the heroin traffic, rather the South Asian heroin, does not remain in their country.

Heroin from other sources does not remain, but it goes someplace. The effort the Commission is undertaking is to determine these other ways that

unknown groups are operating here in the United States.

THE CHAIRMAN: I understand Commissioner Miller would like to ask you a question.

COMMISSIONER MILLER: What is the primary market for the Chinese heroin in Europe?

MR. WEIJENBURG: The primary market used to be The Netherlands itself, but like I explained there is a tendency now to export heroin to other European countries, and our impression is that most of it goes to France.

COMMISSIONER MILLER: Most of it goes to France?

MR. WEIJENBURG: Yes.

COMMISSIONER MILLER: What about the American G.I.?

MR. WEIJENBURG: We have our own suspicious. We have no direct indication in the last few years because Chinese never deal directly with the Americans. They deal via somebody else and we have no view on the percentage that goes to Germany.

COMMISSIONER MILLER: Do you have any information about some dealers who market heroin?

MR. WEIJENBURG: Some dealers have been arrested and have admitted that they export heroin to West Germany.

COMMISSIONER MILLER: Is there any connection at all between the Chinese heroin trafficking in Europe and the Mafia?

MR. WEIJENBURG: We have one case in 1983 in which a ship, an Italian ship was seized in the Suez Canal with over 250 kilograms of pure heroin. The heroin came from Thailand and was destined for Italy, but was supposed to go to the Italian Mafia and several arrests have been made, as far as I know, in Italy.

THE CHAIRMAN: Commissioner Methvin, did you have a question?

COMMISSIONER METHVIN: Yes, I did, your Honor.

I noticed you stress that you had some successes after your prison term was increased in 1976 after putting away the Ah Kong leaders and 14K leaders. Sergeant Bax, you mentioned one of the 14K leaders has been released and he is rebuilding the organization.

We have had problems in this country of La Cosa Nostra bosses running their organizations from their prison cells. Apparently your prison practices with these people have been more effective in interrupting their operations.

Can you tell us how you control them in prison, to what extent they have communications with outsiders and so forth?

MR. WEIJENBURG: I don't know the regulations in Dutch prisons, but in general, generally they are free to make phone calls and free to have visitors. So, we have had cases in which some things had been arranged from inside prisons.

COMMISSIONER METHVIN: Obviously from what your testimony says, putting them in prison did have an effect.

You also mentioned that 14K and Ah Kong leaders received long prison terms, but you didn't specify the term.

MR. WEIJENBURG: Four years.

COMMISSIONER METHVIN: What is it now?

MR. BAX: Twelve years.

COMMISSIONER METHVIN: In your context this would be considered a long term?

MR. WEIJENBURG: Ten to twelve years.

COMMISSIONER RODINO: Thank you, Chairman.

Mr. Weijenburg, do you have any connection at all, do you have any contacts with U.S. Drug Enforcement Agencies?

MR. WEIJENBURG: We have three DEA agents stationed in The Hague. One of them is permanently assigned to our office, our national office.

COMMISSIONER RODINO: And do you carry out a coordinated effort with them?

MR. WEIJENBURG: Yes.

COMMISSIONER RODINO: Have you disclosed this examination that you are now presenting to this Commission, to the Drug Enforcement Administration?

MR. WEIJENBURG: Well, we have a regular share of information.

COMMISSIONER RODINO: This particular presentation, have you made them aware?

MR. WEIJENBURG: Yes, they are.

In fact, when we were asked if there were more specialists on Chinese cases we informed the Commission that a DEA officer stationed in Paris who has served six years in Bangkok is an expert.

COMMISSIONER RODINO: Do you believe in the light of all you have presented to this Commission that the operation and the number of people that are operating there with the Drug Enforcement Agency are capable of keeping up with the situation?

MR. WEIJENBURG: Yes, they are.

COMMISSIONER RODINO: Sir, do you believe that --

THE CHAIRMAN: I think what you're being asked is do you think we have a sufficient number of agents stationed there, not whether they are capable.

MR. WEIJENBURG: The problem in our office is that we specialize. We have a Turkish section, a Chinese section and we have a lot of people and DEA has only three officers, so they cannot be specialists on every item.

COMMISSIONER RODINO: In other words, are you saying with the amount of drug trafficking that takes place, the number of people that are now in those assignments are dealing with the situation effectively?

MR. WEIJENBURG: They are capable to deal with the situation, yes, because, like I say, in The Hague there is no Chinese specialist from DEA, but most of the time we deal with the Chinese specialist stationed in Paris.

COMMISSIONER RODINO: I don't seem to understand Are you saying that -- I am asking now about the American Drug Enforcement Administration agents who are there on assignment to deal with this problem of drug trafficking.

Are you saying to me that the number of people who are there, that that is an effective force to deal with this kind of trade that is taking place?

MR. WEIJENBURG: I think the number is based on their experience and they feel that three is enough and that they can handle cases that we present them.

COMMISSIONER RODINO: Thank you.

COMMISSIONER SCLAFANI: Mr. Chairman, I have a question.

THE CHAIRMAN: Just a moment.

COMMISSIONER ROWAN: First of all, I would like to thank you for these very complete written presentations and I hope they will be made available to the public because they are extremely informative.

Did you tell us whether there have been any alterations in the Dutch immigration policy without developing a total racist policy, or closing the door to this great nation to immigration?

MR. WEIJENBURG: We are very careful with our policy regarding alien<sup>s</sup>. We have started to arrest many illegal aliens, which at one time might have given the impression of racism, so our general policy

is that we try to restrict the number of immigrants in The Netherlands, whether they are Chinese, from Africa or from whatever country, but there is no specific ban on an ethnic population group.

COMMISSIONER ROWAN: Well, do you make any review of criminal activities from the homeland of anyone before they are permitted to come into Holland? Is that possible?

MR. WEIJENBURG: Yes, we do.

COMMISSIONER ROWAN: And --

MR. WEIJENBURG: Well, if they have criminal activities we can refuse to let them stay.

COMMISSIONER ROWAN: So that all of these people that settled in Holland from Hong Kong did not have criminal records in Hong Kong?

MR. WEIJENBERG: The policy regarding aliens had to be adapted, and that was one of the things we learned from the narcotics situation from the early seventies. We found out that it was too easy for criminals to come into Holland, and that is why after a few years we changed our policy regarding aliens.

COMMISSIONER ROWAN: Do you have any Asian extraction police officers who are working on this problem?

MR. WEIJENBURG: No, we don't.

COMMISSIONER ROWAN: You don't?

THE CHAIRMAN: Commissioner Sclafani.

COMMISSIONER SCLAFANI: Thank you very much for sharing this law enforcement intelligence with us and for working so closely with the DEA in your country.

I have a question for you. To what extent is Asian organized crime involved in the production and/or dissemination of pornography in your country or beyond your country?

MR. WEIJENBURG: To no extent. We know of cases in which pornographic movies, et cetera, are taken back to the Far East because they want to see them there, but there is no big business.

COMMISSIONER SCLAFANI: And the industries that you mentioned, loansharking and gambling?

MR. WEIJENBURG: Yes, loansharking, extortion, robbery, illegal gambling.

COMMISSIONER SCLAFANI: Prostitution?

MR. WEIJENBURG: Not really. There are a few prostitutes in the Chinese area.

COMMISSIONER SCLAFANI: Okay, thank you very much.

THE CHAIRMAN: Commissioner Rogovin.

COMMISSIONER ROGOVIN: I want to make clear, gentlemen, that I do not want to seek to draw you into the debate in America about the definition of organized crime. I am not seeking to draw you -- The Netherlands into that picture.

As I understand your testimony, and having read the complete statement with the recommendations that you have here, there are two principal groups referred to, the 14K and the Ah Kong. Both groups engage in a variety of criminal activities among which heroin trafficking is very significant, but they are not exclusively drug organizations. They engage in extortion and other activities.

Now, there are many in the United States whose view is that groups that engage in a variety of criminal activities are organized crime groups when they have the capacity to corrupt government, and in the absence of the capacity to corrupt government, they are not organized groups, they are merely criminals grouped together. Do you understand the distinction?

MR. WEINJENBURG: Yes.

COMMISSIONER ROGOVIN: Now, in The Netherlands, in your judgment or that of your bureau, is corruption or the ability to corrupt government a fundamental

element in an organized crime group? Do you have evidence that either or both of these groups have attempted to be successful?

MR. WEIJENBURG: Yes. There are several examples at least, in which they tried to corrupt police officers by offering a lot of money if they could prevent the arrest, or by offering free meals.

The problem with our laws to prove corruption is first of all, you have to prove that an official accepted a certain amount of money, but that in turn he has to do something, and that is almost impossible to prove. So, we have had cases in which police officers, at least rare cases, only a few in which officers were suspected of accepting money and since there was nothing paid in return they were not charged in court, but they were suspended from the police force.

COMMISSIONER ROGOVIN: So both of the groups, Ah Kong and 14K carry out efforts?

MR. WEIJENBURG: Yes, on several occasions.

COMMISSIONER ROGOVIN: Let me say I join my colleague, Commissioner Rowan with sincere thanks for the quality of the prepared statements that both of you have submitted, and I think that they should be

released publicly.

THE CHAIRMAN: They will be released publicly and I thank you on behalf of the Commission.

If there are no more questions, you may be excused, gentlemen.

MR. HARMON: You may be excused, gentlemen.

Mr. Chairman, we have heard from experts, the very few experts in this country that know anything about Chinese organized crime that manifests itself. Those have been from large cities located throughout the United States.

During the course of our investigation, the staff has found that State and local law enforcements are the agencies who know best the picture of Chinese organized crime as it manifests itself in various forms.

JON ELDER

MR. HARMON: The next two witnesses provide a different perspective, provide the perspective of a small town, Monterey Park, California, located in Los Angeles.

We have asked Police Chief Jon Elder, as well as Detective Tony Chan to explain to the Commission their attempts to anticipate problems presented by

the evolution of these groups. The way in which they have affected life in Monterey, California and the way in which migration from Hong Kong has had a substantial impact on the way of life in that community.

First, Chief Elder, I would ask that chart to please be moved up a little closer so that the Commission could view it.

Could you please explain the population growth that you have seen in your city, Chief Elder?

MR. ELDER: As you can see from the chart, the column on the left is a 1960 census population, the one on the right is 1983, adjustment of the census.

The red indicates the Anglo population, the blue indicates the Asian population and the green indicates the Hispanic population.

In those twenty-three years we have had a dramatic shift, especially in the late eight or nine years. We are 85.4 percent Anglo, 11.6 percent Hispanic, 35 percent Asian. Actually in our city we have on a daily basis thousands of more people of Asian background visiting.

J O N            E L D E R,            having been duly sworn by the

Marshal, testified as follows:

MR. HARMON: Is there currently a struggle between warring gangs currently playing itself out in Monterey?

MR. ELDER: Yes, we have had evidence in the last month and a half in our city and suburbs joining our city, evidence of eight shootings which are all directly resulted from a power struggle for organized crime activities, gambling, extortion, loansharking in our city.

Only four of those were reported to law enforcement and we have evidence from reliable confidential informants that these were related to a struggle going on for who is going to control the rackets I have mentioned.

MR. HARMON: The population in Monterey Park is about 59,000?

MR. ELDER: Correct.

MR. HARMON: Fenton Bresler, who testified yesterday, explained the rituals and ceremonies, the way one gets inducted into the Triad.

He explained one of the oaths was, "I must not protect outsiders and oppress my Hung brethren. I shall be killed by myriads of swords if I do not keep this

oath."

Have you in your town of 59,000 had any experience with this idea of murder or in this ritual fashion with swords?

MR. ELDER: We have one specific standing case which occurred four years ago where a gentleman from a Los Angeles Tong group was indicating that he was going to vote against the popular will in the coming election and at 5:30 in the morning one day he was attacked and assaulted in his garage of his private home. As he attempted to get into his car these people cut him several times with large machetes, cut him along the body so they didn't do any major damage to him. So, in fact, he would live.

During the time they were cutting they had him gagged and they explained to him that he should vote right in the election and if he didn't they would come and inflict him with further injuries-- he was unable to identify them.

It is my understanding that he changed his vote.

MR. HARMON: What has been the effect of the population explosion in Monterey Park on money laundering activities and property values in your city?

MR. ELDER: The property values have escalated tremendously. Commercial property nine years ago was worth \$24 a square foot and now it is \$80.

The vast majority of the businesses in the town have been bought in most cases for cash money by Asians from Taipei and Hong Kong.

We have in a seven-and-a-half square mile area twenty-eight banks where we normally had three or four. The vast majority of those banks, the new banks, are owned by Asians and we have reliable information that indicates to us currently, today, as we are sitting here, there is a million and a half to two million dollars of money being laundered through various banks in our city which we are able to do nothing about.

MR. HARMON: Now, we have heard yesterday of a meeting detected by law enforcement in Hong Kong which took place in January of 1983 whereby members of Hong Kong Triads as well as Taiwan Triads attempted to coordinate or to bring under control elements of United States Chinese organized crime groups.

In your city of 59,000 people, Chief Elder, have you seen any attempts by elements outside of

the United States to intervene or to exert control over the gangs operating your city?

MR. ELDER: Yes, sir.

About six months ago, we had some people from the Julien group, which is commonly referred to as the Bamboo gang, come from Taipei to Monterey Park.

They invited some of our young street gang members in and they organized and established the Bamboo gang.

They remained in our city at that time laying out an organizational structure, areas of responsibility and all the crimes and in effect took control over certain types of racketeer activities in our city and in the surrounding cities.

I would like to back up one second. Of those twenty-eight banks in our city, I would like to lighten up something a little bit. Several of those banks have corresponding banks in Amsterdam, Holland as well as in Taiwan, Japan, Seattle, San Francisco, Los Angeles and Houston, Texas.

It is not uncommon for our banks to commonly transact money between all of those corresponding banks and in some cases branch banks and there is a definite international linkage.

MR. HARMON: Do you, Chief Elder, in your town of 59,000, do you think that you should view the problem of the war and gangs that appear in your city in isolation without regard to international aspects?

MR. ELDER: I can do that, I can fight the fires and I could put my people out there and crush crime on the street level, but that doesn't take care of the big problem. The big problem isn't national scope.

While I can control and stop the street crime, I can't control the racketeering type crime that is going on.

MR. HARMON: Well, what are you attempting to do about it?

MR. ELDER: Well, for a small agency, and we are about 150 with reserves, we have recruited several Asian officers. I have about thirty Asian speaking officers.

We probably have more Chinese speaking officers in our department than many of the larger agencies in the United States, for sure more than the Federal Government has in their independent investigative agencies.

We have an Asian detail that has been working for seven or eight years, we are currently deploying those men to work from 8 at night to 4 in the morning, handling these gang problems that we are experiencing.

We're doing all we can, but it seems a small effort against what we realize at this point that is a large problem.

TONY CHAN

MR. HARMON: Deputy Counsel Donna Congeni will ask you questions, Detective Chan.

MS. CONGENI: You were one of the officers just described that is working that 8 P.M. to 4 A.M. shift in Monterey Park, on the streets to protect your community.

Have you observed national and international networking that helped the street gangs to further their criminal goals?

MR. CHAN: Yes, I have.

MS. CONGENI: And within these street gangs have you observed a hierarchy that exists?

MR. CHAN: Yes.

MS. CONGENI: Could you estimate the membership of the gangs that you are observing?

MR. CHAN: In our area I would say that we got about four or five gangs existing in our city. It varies from 50 members to 150. It depends which group. So, I would say the membership varies by each gang.

MS. CONGENI: The Wah Ching, can you estimate their membership?

MR. CHAN: I know at this point that they have about 100 to 150.

MS. CONGENI: Detective Chan, the elders of your family told you about criminal activities of Triads.

Do they bear a resemblance to the crime that you are fighting today in Monterey Park?

MR. CHAN: Absolutely.

MR. HARMON: To place in perspective the testimony of Detective Chan, I think it is fair to recall testimony yesterday again concerning the summit meeting which took place in Hong Kong, January 20, 1983, where one of the attendees of the testimony indicated, was Tony Young, the leader in Los Angeles -- Wah Ching, who has been served with a subpoena to appear before the Commission and has defied a Court Order to appear and for that reason

his current whereabouts is unknown.

With that in mind, the witnesses are available to be questioned by the Commission.

THE CHAIRMAN: Commissioner Brewer.

COMMISSIONER BREWER: Thank you very much, Chairman.

Chief Elder, did I hear you say 150 officers, 50 of them are Asians?

MR. ELDER: Yes, we have about 85 reserves also and those officers were personally hand picked and recruited on a major recruiting effort by myself and other Asian officers of the Department.

COMMISSIONER BREWER: How do you account for this success in recruitment of Asian officers? I know most of the departments surrounding you are having difficulty in attracting Asian officers.

MR. ELDER: There are a lot of Asians in the marketplace, but the normal routine recruiting method has been used on a historical basis and it doesn't seem to work. Law enforcement as a profession, and I'm going to generalize, to the Asian person it is not a great occupation and profession to be in.

However, there are many, many, many young Asian people out there who would like to get involved

in law enforcement, but you must go out pro-actively and speak to those people. Of the 30 people that I have personally recruited with my other Asian officers which are hand recruited, those people, I have made personal contacts and sought them out.

There are also organizations in New York City here and also in California that are fraternal groups of Oriental police officers and they act as a recruiting source along with us also.

You have to go to the Chinese newspapers, to the banks. You have to go to all the places that Asians frequent and seek those people out.

THE CHAIRMAN: I think it is only fair that you know that you're being questioned by Commissioner Brewer, who is the Assistant Chief of Police in Los Angeles, and you are giving away some trade secrets, but go ahead.

MR. ELDER: All our tactics involved in addressing the Asian problem, recruiting, everything else of this kind we adopted from the Los Angeles Police Department, anyway.

COMMISSIONER BREWER: You have had more success than we have.

I have one other question.

You mentioned the money that is probably a problem that the Federal Government can look at.

Do you have any recommendations to this Commission how the Federal Government can assist in this battle against Asian organized crime?

MR. ELDER: I think it is the Federal Government's responsibility and I commend this Commission for bringing this main issue to light.

But, I firmly believe that local enforcement is unable to cope with this problem. We need the coordination and the resources that the Federal Government has to bring to bear on this problem. I think it's their responsibility to help the law enforcement with things like California where we have no wiretapping law to help us to attain Federal wiretapping procedures, to help us with training, communication, to help us with perhaps computerizing this problem, getting a computer bank.

Having one central source to in general take over the coordination and control of this major problem. My prediction is that if we don't address this problem strongly right now, in 1984, that Asian organized crime is going to end up for us to be the number one organized crime problem in

America within the next five years. It is already a major problem and it is getting worse.

COMMISSIONER BREWER: Thank you very much.

THE CHAIRMAN: Commissioner Hope.

COMMISSIONER HOPE: I would like to follow up on Commissioner Brewer's question on what can the Federal Government do to help.

As I understand it you believe that there is a lot of money laundering going on there all the time.

What about the banking agencies that watch this kind of thing, have they been available to you and are there investigations of that kind going on right now?

MR. ELDER: They are of course available.

The problem is that the Federal Government is addressing so many problems in so many specialized areas, at this point, that it is very difficult to get that kind of assistance.

The second thing is that our United States laws deal now with getting records that are making it extremely difficult to conduct good investigations.

COMMISSIONER HOPE: How can we achieve better access to better records? The other thing is that we have a fragmented approach to this whole

problem.

THE CHAIRMAN: I would like to tell you Chief, we are proposing some ideas to the President to make it easier for you to get your hands on some of this.

MR. ELDER: There has been an approach from Federal law enforcement, if we say we have a narcotics problem. Let me give you a fast rundown.

We have arrested in our small city, groups that involve drugs, guns, money, immigration and customs. Okay.

So, the major problem is if DEA, maybe they can come out and handle the case for us, maybe not. We don't have the cross-communication going between the specialized branch of the Federal office in an investigation at this point and there seems to be a problem.

Right now we have three separate agencies of the United States Government doing law enforcement. I can give you very specific examples, but I don't want to take up all of your time.

COMMISSIONER ROGOVIN: In addition to what Commissioner Brewer listed in the successes of recruiting Asian speaking officers, what else are

you doing that permits you to work effectively in this area that other law enforcement agencies were unable to do, or to put the question another way, in your view what are the difficulties in contending with Asian organized crime groups that distinguish them from the other kinds of groups?

MR. ELDER: The number one priority is that we in law enforcement have been successful in developing informants inside organized crime situations.

It is virtually impossible to break through and get that. If you do, most often they are reluctant to testify before an official body.

The other thing that we are doing, we are going out and making personal contact in the community on a daily basis because the Asians are normally reluctant to give information to the police.

So, we have turned the tables on this. I have my officers going out making contact with business owners, restaurant owners sitting down having a cup of tea, talking to these people so that they give the information in a routine fashion so the police just doesn't show up.

We have taken a pro-active approach.

COMMISSIONER ROGOVIN: Let me follow up on the first response.

However, you said despite the judicial difficulties, you have had some successes.

I have understood you to say that one of the reasons for that is you don't seek to surface your informants requiring them to testify.

You use them as continuing sources of intelligence information. Am I correct?

MR. ELDER: That is correct.

COMMISSIONER ROGOVIN: So you are looking for the long term use of the organization informant for information but not for purposes of presenting evidence in a criminal trial?

MR. ELDER: That is absolutely right.

THE CHAIRMAN: Commissioner Rowan.

COMMISSIONER ROWAN: Detective Chan, would you talk to us a little. Do you live in the Chinese community where you work?

MR. CHAN: I was brought up in the heart of China -- I was raised in L.A. Chinatown.

COMMISSIONER ROWAN: L.A. Chinatown.

MR. CHAN: Yes, which is eight miles west of Monterey.

COMMISSIONER ROWAN: Do you live --

MR. CHAN: Somewhere nearby.

COMMISSIONER ROWAN: I shouldn't have asked you that.

What is the effect of the Chinese community, who's functioning there normally and doing every day business?

MR. CHAN: From time to time we do get cooperative citizens that come into our office and say, hey, what are you going to do with this problem and you have a problem, come tell us about it.

We can't be out there twenty-four hours a day and the only way to combat that problem. Is a citizen on the street becomes our eyes and ears.

COMMISSIONER ROWAN: Thank you, Mr. Chan.

THE CHAIRMAN: Are there any more questions?

COMMISSIONER RODINO: Chief, how large do you estimate the illegal alien population, is there a large illegal alien population and are those people part of this group?

MR. ELDER: We have most of our newly arrived Chinese are from Taipei. There is literally no illegal alien problem because of the strict control

of visas and requirements that they have people coming into the United States.

There are many from Hong Kong who we have arrested for serious crimes and have determined to be -- well, illegal aliens and I might add that number one fear of those particular criminals is the service of the Immigration Naturalization Service. They fear denortation more than they do incarceration or anything else.

INS has the lead on that.

COMMISSIONER METHVIN: I would like to direct a question to Detective Chan.

You have been probing the relationship between those gangs and the Tong, and I understand also that because of a surveillance showing a meeting between Mr. Tony Young, the leader of the Wah Ching of Los Angeles, and a second Japanese gang member, you are hypothesizing a relationship between Chinese and Japanese gangs.

I'm interested in what I think may be a parallel that I am seeing here between the early days or the present status of the Asian gangs and the early days of the La Cosa Nostra in this country back about fifty years ago where the warring

lead to the national organization.

Can you comment on that parallel as you are now seeing it?

MR. CHAN: That is what we are seeing right now. Let me give you an example.

We have got the Chinese using our city that are merging together and the Chinese is running the gambling house whether he is doing security or whatever.

I see the aliens on some of these groups and eventually these groups can merge together and we are going to have a national problem. That is definitely.

THE CHAIRMAN: We would like to thank you two gentlemen. You have been very helpful to this Commission here, the way you cope with this problem.

I would like to put one question to you and that is this: Since most of the work is done by the agents, shall we say the informants, what do you do if you have a good case that has to be prosecuted?

MR. ELDER: We would hold it. If there was a clear and present danger to somebody's life we would do what we have to do, but we would be reluctant to bring those sources out in court.

MR. HARMON: Your Honor, may I ask another question to pick up on a theme that came from Commissioner Rogovin?

Is it capable for these gangs to engage in official corruption?

Have you, Detective Chan, experienced that capability in the Town of Monterey Park?

MR. CHAN: We have experienced that in the past, yes.

MR. HARMON: So they do have the ability to corrupt public officials?

MR. CHAN: Yes.

MR. ELDER: We have an ongoing investigation of political corruption of a local elected official. I am familiar with one in a county adjacent from us. A Mayor of a city.

And it is quite common for myself and other officers of the department to be offered free meals in a case of a restaurant situation, a free bottle of cognac for \$120, whatever, just for the purposes of showing some type of affiliation, with the Police Department by known organized crime police agents.

MR. HARMON: Would accepting such gratuities,

would that give the appearance in effect that you were in the pocket of this organized crime figure?

MR. ELDER: It absolutely would. Even by the mere offering of a gift in a night club setting, it would be commonly accepted that you were on such familiar terms with them, that you received gifts, yes.

MR. HARMON: The staff of the Commission is in the possession of a sworn deposition which describes a situation in the Fifth Precinct, New York City, wherein certain police officers accepted payoffs, one of the reasons for which was to protect gambling dens and another reason was to avoid interfering with street gangs that operate in Chinatown.

Taking the case of a foot patrolman, someone who does not investigate homicide, rackets, extortion, what effect would that have on the Chinese community, the image of a foot patrolman taking a payoff? How would that affect you as an investigator?

MR. ELDER: It would make our investigative efforts fruitless and it would reinforce in the mind

of those good citizens and let's say probably ninety-nine forty-four one hundredth percent, it would be reinforced from the prior culture, the country they came from that policemen commonly accept gratuities, bribes, whatnot.

If that situation occurred it would do nothing more than reinforce the fact that police are corrupt and you don't deal with them or give them information. They are in cahoots with the gangsters if you do. No doubt about it.

THE CHAIRMAN: Thank you.

MR. HARMON: Thank you, Chief Elder.

Thank you, Mr. Chan.

That concludes the segment of the hearing which deals with the Chinese organized crime groups.

At the present, there exist thirty-one Triads operating in Hong Kong alone, consisting of some eighty thousand members.

If Hong Kong is a power based for the Triads we must ask what the future holds for them and for the countries to which they may immigrate.

Their wealth is enormous and will be exposed in a cash flow analysis of Hong Kong contained in an interim report which we expect to

submit. At Congressman Rodino's suggestion the staff will undertake an analysis to the extent which the immigration laws of the United States may be used effectively in the future to anticipate any such migration.

#### UNIDENTIFIED WITNESS

MR. HARMON: Mr. Chairman, at this point, we begin the next segment of our hearing which deals with the Japanese organized crime group known as the Yakuza. We believe that the next witness is the first member of the Yakuza ever to testify in this country.

For his own protection and for reasons which will become clear during his testimony, very little background about this witness can be put on the public record.

However, we have been spending days debriefing this individual and have been able to corroborate a great deal of what he says. He is what he appears to be, a member, an officer of one of the largest organized crime groups which we will probe at this time or any other time.

A wealth of information has been developed from this witness and time does not permit a full exposition

of the material. We will present a sketch on what organized crime looks like in Japan including a few examples of how Yakuza is similar to and in many ways distinct from the Mafia.

The fact that this witness cannot speak to Yakuza activities in the United States does not diminish the importance of his testimony.

We have only recently learned, as the Attorney General Smith's testimony demonstrated yesterday, of the importance of understanding other cultural forms of organized crime that appear in other countries in order to develop strategies to attack them as they develop in this country.

Organized crime has become an international problem and our understanding must reflect this fact.

The Yakuza are here, not in large numbers, but clearly here. If we are to avoid one of the mistakes we made forty to fifty years ago with the La Cosa Nostra, LCN, we will be well advised to understand the origins and resources of Yakuza. Our information from this and other witnesses are developing, but it is a beginning which reflects just how much we need to learn.

With your permission, Mr. Chairman, the questioning of this witness will be conducted by Stanley Hunterton, the Deputy Chief Counsel.

THE CHAIRMAN: Before we begin, I ask you, Jim, do I understand you to say that there are distinct or --

MR. HARMON: There exists developing links between the Yakuza and elements of La Cosa Nostra, some of which operate here in New York City, which will be developed by subsequent witnesses and by this one, Mr. Chairman.

THE CHAIRMAN: Thank you.

I understand you are going to conduct the questioning, Mr. Hunterton.

MR. HUNTERTON: I would like to introduce the Interpreter, although he is behind the screen.

The Commission owes a great debt of gratitude to Chester Eto, for the briefing of this witness.

Mr. Eto brought to that experience and to his duties here today as the interpreter for this member of the Yakuza, thirty years of experience living in Japan, employed by the United States Government.

He is a person familiar with the inner workings of all phases of Japanese society and without his assistance we would not have been able to bridge the language and the cultural gap between our staff of investigators and this witness.

With that, and before I begin the questioning, I would say by way of description that this witness who is about to testify is between thirty and forty years of age. He finished in Japan what we would call junior high school here in the United States. He has in the course of Yakuza activities been arrested many times and suffered several of what we would call felony convictions.

The other note of preface that may be useful to this Commission and the audience in understanding some of the questioning is the exchange rate between yen and dollars. It is about 250 to one; for practical shorthand purposes we use that approximation. It varies from time to time. The figure that will be helpful to the Commissioners to keep in mind is that one million yen equals approximately \$4,000.

BY MR. HUNTERTON:

MR. HUNTERTON: How long have you been a member

of the Yakuza, approximately?

WITNESS: Approximately fifteen years.

MR. HUNTERTON: Describe the initiation ceremony by which you became a member of this organization.

WITNESS: I was befriended by a person who later became my sponsor and the sponsor took me to a meeting of the Yakuza organization.

At that point, the chairman of the organization offered me a cup of saki. The exchange of saki cups constituted my initiation into the organization.

MR. HUNTERTON: In the flurry of bringing the screen and the witness in, we have forgotten to administer the oath.

Would the Marshal please administer the oath to the witness and the Interpreter please explain to the witness the meaning of the oath.

T H E     W I T N E S S,     having been duly sworn by the Marshal, testified as follows:

MR. HUNTERTON: Thank you and I would explain for the benefit of the audience that the lag time between the question and the voice of the Interpreter is because the Interpreter is taking the testimony from the witness.

How many such organizations in the Yakuza

group are there in Japan?

WITNESS: They're about 45 separate organizations.

MR. HUNTERTON: And how many members are there of all of these organizations?

WITNESS: Maximum of about 112,000, 113,000, approximately.

MR. HUNTERTON: Did you have any legitimate source of income or legitimate business in Japan?

WITNESS: Yes, I did. It concerned money activities.

MR. HUNTERTON: I would like the witness to explain and I would ask, I would add that I have given the interpreter leave to expand on some thoughts that are difficult to translate from Japanese to English.

I would like the witness to explain why the money lending business is profitable in Japan, what the legal interest rate is in Japan and the connection between legal moneylending and Yakuza activities.

WITNESS: The ordinary accepted rate of interest in Japan comes to about 6 to 7 percent. However, the Yakuza organizations, because they do not ask

for collateral can charge up to 10 percent for every ten to fifteen days.

MR. HUNTERTON: Ten percent for ten days?

WITNESS: That's right, sir.

MR. HUNTERTON: How did the Yakuza become involved with these loans even if they start out as legal loans, that is, not usurious loans?

WITNESS: Depends on the person who is borrowing and the lender who is lending. It is a negotiation between individuals and they can escalate the amount depending on how much they think they can get out of the borrower.

MR. HUNTERTON: Do Yakuza members engage in collecting loans that began as legal loans?

WITNESS: There are cases when a legal loan is collected by illegal means.

MR. HUNTERTON: I would like the witness to describe for the Commission how the Japanese people feel about the integrity of debt or the integrity of repayment of a debt to be precise.

WITNESS: The Japanese people feel that a loan is a loan no matter what happens, they must pay it back.

MR. HUNTERTON: What type of Yakuza activity

can this witness tell us about concerning the use of debt manipulation and the strong feeling that debts must be honored in order to take over companies?

WITNESS: There are instances where people do not subscribe to the theory that a loan must be paid. These are the ones that the Yakuza are hired to go out and strong-arm collect.

MR. HUNTERTON: Do Japanese bankruptcy laws protect debtors from losing any or all of their property?

WITNESS: It is my impression that the Japanese companies who fall into this predicament have no recourse to legal means, that is where the Yakuza come in.

MR. HUNTERTON: And now I ask the witness to elaborate on that.

How do the Yakuza come in and get control of the company?

WITNESS: The witness gives the example of a company that is in default of a note say 10 million yen. The Yakuza there go over and say write me out another promissory note to cover a little bit more than your highest outstanding loan. Thereby that then becomes the biggest loser if the company goes into default.

He will then negotiate with the others who have lent them legal money. In getting this promissory note he has not exchanged even one cent.

MR. HUNTERTON: In other words, it is a bogus transaction?

WITNESS: It is a bogus transaction for a promise to help to try to help his company out.

MR. HUNTERTON: What do they do next to try to set themselves up as the senior creditor?

WITNESS: Since the promissory note is a fake note to begin with, the company then in order to cover for the losses must sell off its real estate or its other properties in order to make good on the legitimate notes, but having done that, then the Yakuza is still holding the largest outstanding note which he then claims.

MR. HUNTERTON: And what is the ultimate goal of this debt manipulation?

WITNESS: There are two objectives in the Yakuza doing this. One is for financial gain for having it in his possession, a promissory note for which he has never given any money and the other is to take control of the company.

MR. HUNTERTON: I would like with that to

shift to the subject of gambling and ask the witness whether or not he has operated illegal gambling businesses in Japan?

WITNESS: Yes, I have so.

MR. HUNTERTON: Now, without going into the different types of games and chance that can be run in these illegal casinos in Japan, I would like the witness to describe a typical night's profit for the house?

THE WITNESS: Well, the games are held on a frequent basis as customers are available to the organization.

Normally, 30 percent would be sent upwards within the organization to the Chairman, 40 percent would be retained by whoever is running the game and 30 percent would be distributed among those who helped in the house activities.

MR. HUNTERTON: So, this witness would retain 40 percent of the evening's profits for himself and distribute the rest downward and upward, is that correct?

WITNESS: Yes, that's correct. 40 percent would be retained by myself and of the 40 percent that I retain, I would use half as reserve money to

participate in other games held by friendly associations.

MR. HUNTERTON: How many times per month did the witness promote and manage such a game?

WITNESS: Two to three times a month.

MR. HUNTERTON: And what would be the gross profit, that is, including that which he would divide among his superiors and his subordinates?

WITNESS: That would be anywhere from 10 to 15 million yen, of which he would keep 40 percent, but discounting all the expenses, it would come to about 2 to 3 million yen income for himself.

MR. HUNTERTON: If the gross was 10 million yen, that would be approximately \$40,000 U. S. dollars, am I correct?

WITNESS: Yes.

MR. HUNTERTON: And then the witness' share would be, if he used 40,000, U.S., how much?

WITNESS: 16,000.

MR. HUNTERTON: 16,000?

WITNESS: Dollars.

MR. HUNTERTON: U.S. per game?

WITNESS: Per game.

MR. HUNTERTON: And they were run two or three

times a month, is that correct?

WITNESS: That's right, sir.

MR. HUNTERTON: I would like the witness to contrast that with how much he made from any legitimate source of income he had without specifying the manner in which he was legally employed?

WITNESS: The normal legal business that I operated would get me one and a half million at the most per month.

MR. HUNTERTON: Following along that same line, I would like the witness to describe to the Commission how he lived in comparison with the other Japanese people.

WITNESS: I would say that I lived a very good life. Probably equivalent to the president of a company employing 300 to 500 people.

MR. HUNTERTON: What other crimes now, aside from gambling, what other crimes does this member of the Yakuza regularly engage in?

WITNESS: Other activities would include illegal bookmaking at various forms of races, bicycle, motorcycle, automobile, horse racing and strong-arm collection activities.

MR. HUNTERTON: Did this witness or did other

Yakuza members engage in and I would like you to explain to him the American concept of protection or insurance for businesses as it has been used by the Mafia in this country.

WITNESS: Yes. I engaged in protection activities.

MR. HUNTERTON: Has this witness ever personally engaged either in narcotic trafficking or gun importation?

WITNESS: I have not personally engaged in it, but I do know of their existence.

MR. HUNTERTON: And are these markets controlled by Yakuza groups?

WITNESS: Yes.

MR. HUNTERTON: What about prostitution?

WITNESS: They do engage in prostitution activities or control prostitution.

MR. HUNTERTON: Ask the witness about the markup for weapons and use as an example, please, a handgun which in the United States might retail for, between \$100 and \$200.

For how much could that be sold on the market in Japan?

WITNESS: That caliber of gun would probably run

for probably a 400,000 yen.

MR. HUNTERTON: Would you translate that into dollars, please?

WITNESS: \$1,000.

MR. HUNTERTON: \$1,000?

WITNESS: Yes.

MR. HUNTERTON: I would like to now ask the witness to describe an event which we have discussed previously.

Some years ago, I understand that he discovered that someone who was not Yakuza was running an illegal gambling business in his boss's area, is that correct?

WITNESS: First of all, we would extract some kind of money from the individual and then we would force him to close up his business.

MR. HUNTERTON: And did that, in fact, happen?

WITNESS: Yes.

MR. HUNTERTON: The witness has served time in jail as a result of his Yakuza activities and I would like him to describe for the Commission what the organization did for him when he was released from jail.

WITNESS: There would be anywhere from 200 to 300 fellow Yakuza at the gate of the penitentiary to meet

me as I came out and they would hold a party the night that I would get out and they take up a collection and I would end up being about three to three-and-a-half million yen wealthier.

MR. HUNTERTON: And was this the same practice engaged in with respect to other people in the organization, both subordinate to him and superior?

WITNESS: There is a considerable difference in the treatment to one coming out of prison depending on the rank you hold in the organization.

MR. HUNTERTON: But they would all be given money, is that correct?

WITNESS: Yes.

MR. HUNTERTON: How much might a senior-ranking officer of Yakuza be given upon release from prison?

WITNESS: The senior officer make as much as 10 million yen.

MR. HUNTERTON: I would like now for the witness and the Commissioner to turn their attention to the two charts that we have posted to our right.

They are sheets that have been constructed by the staff in conjunction with this witness and checked against other available sources of information concerning the structure of Yakuza.

They represent two of the largest Yakuza groups in Japan, the one nearest Commissioner Miller represents a group called Sumiyoshi-Rengo and the one farthest away represents a group called Yamaguchi-Gumi, Gumi means group and Rengo in English means alliance.

I will ask the interpreter as we go through this to alternate back and forth between the Japanese words Kumicho and the English which means Chairman, to understand these two structures.

First, I would like to ask the witness now that he has seen these, does he find them to be generally accurate representations of that which he has told us?

WITNESS: Yes, they are generally accurate.

MR. HUNTERTON: And which of these two are currently the larger organization?

WITNESS: The Yamaguchi-Gumi is the largest at the moment.

MR. HUNTERTON: And that is the classical structure?

WITNESS: Yes.

MR. HUNTERTON: The Sumiyoshi-Rengo is obviously constructed somewhat differently than Yamaguchi-Gumi. For instance, we have Fukukaicho

and Sadanyaku and Kankeisha and we have a different structure under the Chairman called the Wakusha.

Sukiyoshi-Rengo is structured differently than the Yamaguchi-Gumi and I think you will find Sumiyoshi-Rengo interesting.

WITNESS: The Sumiyoshi-Rengo, it has an alliance of many independent groups which are affiliated with Sumiyoshi-Rengo.

The other is an organization that is an organization which is under one boss which is the Master of the organization. That would be the major difference between the two organizations.

MR. HUNTERTON: The bottom top level of one chart has different names for what? What the La Cosa Nostra might be called soldiers or simple members of a family. I would like the witness to explain the names of both organizations.

WITNESS: The Kumicho and the Junkaiin which would be similar to a member is essentially the same thing. They have not been initiated into the secrets of the organization and therefore hold the same relative low rank.

The difference is the name comes from the different characters of the Chiefs. One decided to call

them related individuals and the other decided to call them members.

MR. HUNTERTON: How does one move up in Yakuza? How does one move to higher status?

WITNESS: There are many ways that one individual can move up within the ladder. For instance, a man who is very strong in maintaining order, control within his group can move up. There is a possibility of those who make a lot of money move up. The ladder would be normal way where the money he sends up to the headquarters, the higher and faster he moves up within the hierarchy.

MR. HUNTERTON: At what level is either of those organizations was this witness, and by which I do not mean to insinuate that he was a member of either organization, but I would like him to point out and I would like him to point out to the Commission what member he would have been if he had been a member of either of these two groups.

WITNESS: It would be one step below the Fukukaicho, the vice-chairman or one step below the senior board of directors. Just before becoming one of the senior members of the organization.

So he would have been Wakusha if a member

of the Yamaguchi-Gumi or in Sumiyoshi-Rengo, Senniin Hyogin.

MR. HUNTERTON: How is the chairman chosen?

WITNESS: There are two ways that the chairman who would have a will which designated his successor or the other would be a gathering of senior officers who decide that they would want X individual to lead them.

MR. HUNTERTON: I want to return just for a moment to the business of passing money up to superiors.

I would like the witness to describe how much money he passed up during his early years in Wakusha and how much he passed up later as he grew in stature within the organization.

WITNESS: The first stage at which individual who is just a member don't have to particularly pay any money, but one who aspires to get an official position would have to start thinking about that.

In my case, the first amount that I started to send in were 100,000 yen per month which equates to about \$250. In the final phases I was submitting about one million yen, that is about \$4,000 per

month.

MR. HUNTERTON: \$4,000 per month up to the superiors?

WITNESS: Yes.

MR. HUNTERTON: Is that a requirement of moving up into the organization?

WITNESS: Absolutely necessary.

MR. HUNTERTON: I would like the witness to describe the types of discipline that are imposed by these groups depicted on the charts, or other Yakuza groups.

WITNESS: The word of the boss is the final word. You may know that a situation in which you are personally involved may be one that you had nothing to do with, but if the boss says this is your responsibility then it is your duty to accept the responsibility. That is the first and foremost method of controlling the members.

MR. HUNTERTON: The mere acceptance of responsibility for whatever it was that went wrong, acknowledgment that one is responsible?

WITNESS: Yes, that's right.

MR. HUNTERTON: And now would you ask him to describe in ascending order, the harsher or more

direct forms of discipline that may be imposed by the organization?

WITNESS: There really isn't too much distinction between an apology, meditation, and shaving of heads, but they would in that order probably be acceptable to the superiors of both sides when an arrangement takes place.

One major step is the cutting off of the finger.

MR. HUNTERTON: And is there --

WITNESS: There are other cases where you have been afraid or you feel that that is not enough and then resort to murder as soon as possible.

MR. HUNTERTON: Isn't there a step between the chopping off of one's own finger and the -- I make reference to banishment, is that a form of discipline in Yakuza?

WITNESS: I believe there are no distinctions. It would be the finger or you take the life, retribution.

MR. HUNTERTON: I would like to follow up for a moment on a question from Commissioner Rogovin of the preceding panel.

We described something of the organization and its characteristics and I would like to in the

same vein that Commissioner Rogovin asked Chief Elder, ask this witness whether corruption of government officials and in particular law enforcement officers is or is not a practice of the Yakuza?

WITNESS: I personally have had no occasion for either corruption activities or to pay off the police, but I have heard that this is done.

MR. HUNTERTON: Upon being arrested is there any code of silence or what the Mafia calls Omerta?

WITNESS: Absolutely no reference to your colleagues.

MR. HUNTERTON: I would like the witness' attention to the traditional tattooing and I would like to ask a two-part question to help finish this.

I would like the witness to describe the tattoos and their meaning, why they are done and whether or not they are still being done by Yakuza members.

WITNESS: Well, it is not a required activity now. The tattooing of the body is an indication that the individual has endured a tremendous amount of pain.

Japanese needles are -- imbedded roughly one-quarter of an inch under the skin, it is indelible

and therefore it also shows that the man has committed to becoming a Yakuza for life.

MR. HUNTERTON: I invite the Commission's attention to the photograph displayed on the easel to the right of the upper body tattooing of a Yakuza member.

Is it possible to resign from Yakuza?

WITNESS: Yes, it is possible.

MR. HUNTERTON: And how is that done and how do other members of the Yakuza know that one has resigned?

WITNESS: It is by declaration of the individual or by the organization saying they do not want this person to remain a member.

In either case there is what you call a homojo (ph) or a letter that is described to all of the Yakuza organization, it is known as the red letter, color red.

MR. HUNTERTON: And will members of the Yakuza associate with anyone who has been subjected to the red letter?

WITNESS: Unofficially or officially there would be no more contact --

MR. HUNTERTON: This witness is missing the small

finger from one of his hands.

I would like him to describe why he did that and how he did that.

WITNESS: I will answer in several stages.

MR. HUNTERTON: Yes.

WITNESS: One measure of atonement is to cut off your finger and I cut mine off as a show of repentment for a mistake that I had made.

The actual procedure is to take a -- what they in Japanese Yakuza call a little silver knife in a table and you pull it towards you and bend over and your body weight will snap your finger off.

MR. HUNTERTON: What do you do with -- what did he do with the severed part of his finger?

WITNESS: The finger that is severed is put in a small bottle with alcohol and your name is written on it and it is sent to whoever you're repenting to as a sign that he is sorry.

MR. HUNTERTON: And would you ask this witness without standing up to hold his hands up, the one on which he severed, the small finger.

(At this time the witness displayed his finger.)

MR. HUNTERTON: My thanks to you, Mr. Eto (ph).

If there are any questions--

COMMISSIONER ROWAN: You described the takeover of a certain company in Japan. Can you tell us if that is a company in which the public holds the shares?

WITNESS: Yes.

COMMISSIONER ROWAN: Was the objective of the takeover to run that company as a normal productive enterprise or was it to take out profits for use by the Yakuza?

WITNESS: The objective was to get your money back or take control. I was talking about this as a typical example. I wasn't referring to any specific case.

COMMISSIONER ROWAN: But there are cases?

WITNESS: There are cases when you do it for the money, you do it for the control. There are many other reasons.

COMMISSIONER ROWAN: There are other publicly held companies that are controlled by the Yakuza?

WITNESS: It is my understanding that there are no major companies involved in that type of takeover, but there are family-owned corporations primarily, possibly the lower stock exchange.

COMMISSIONER ROWAN: That is the Yakuza use that technique to take over companies in the United States?

WITNESS: I have confined my activities to Japan. So, I don't know what the U.S. connection may be.

COMMISSIONER ROWAN: Thank you very much.

THE CHAIRMAN: Commissioner Hope.

COMMISSIONER HOPE: Yes.

We have learned instances where Japanese tourists in the United States are lured into gambling games in this country run by the Yakuza here and then if they need to borrow money they borrow money through traditional organized crime groups and if they fail to pay it back and return it to Japan, we understand that the Japanese takes over collecting the money which is owed to the traditional organized crime group operating in the United States.

Does the witness know of any such example and has he been a part of such enforcement activities in Japan?

WITNESS: That is a very private thing that I don't believe the gambler himself wants made public. But, I did know that gambling losses in the casinos

in the United States have been collected in Japan by the Yakuza get the money in Japan, in Japanese funds and through some means the funds are transferred to the United States. I have not been involved in that myself.

THE CHAIRMAN: Thank you.

COMMISSIONER SCLAFANI: Thank you, Mr. Chairman.

What network do the Yakuza employ in international drug trafficking and, if you know, who are these higher echelon people in the United States who handle the Yakuza drug trafficking within the United States?

WITNESS: My activities were primarily financial and I do not know of any specific drug transactions.

COMMISSIONER SCLAFANI: Is there a drug kingpin in Japan and who is he?

WITNESS: There is to my knowledge no one kingpin boss who does the narcotics as a main activity, but most of the Yakuza organizations have within them individuals who engage in narcotics trafficking.

COMMISSIONER SCLAFANI: Who was the chief in Japan in Yakuza?

WITNESS: The Yamaguchi-Gumi is probably the

largest organizationn. The chairman, the internal chairman, Mr. Tao, (ph), is probably the strongest individual, however, he recently died and his organization has been taken under a very tenuous situation and they have a new chairman at the time.

COMMISSIONER SCLAFANI: Is there a main American chairman of Yakuza and who is he?

WITNESS: As I said, I'm not domestically inclined so I don't know of any person.

COMMISSIONER SCLAFANI: Thank you very much.

THE CHAIRMAN: Thank you, the witness may be excused.

MR. HUNTERTON: Thank you, Mr. Chairman.

MR. HARMON: Mr. Chairman, as I have indicated the testimony from this witness represents the first occasion in this country that there has been public testimony from a member of the Yakuza by which the inner workings of that group have been laid out to the public.

Although he had no direct knowledge of Yakuza activities in the United States, other aspects of the Commission's investigation of Japanese organized crime have led to the conclusion that some form of Yakuza elements are beginning to be

operational in at least Hawaii, California, Nevada, Colorado and perhaps New York.

With that note in mind and to give a general overview of the beginnings of the Yakuza involvement in this country, we have asked a panel of law enforcement experts to come forward and explain that to the Commission.

JOHN MC KENNA, BERNARD CHING, GEORGE MIN

J O H N      M c K E N N A,    having been first duly sworn by  
the Marshal, testified as follows:

B E R N A R D      C H I N G,    having been first duly sworn  
by the Marshal, testified as follows:

G E O R G E      M I N,    having been first duly sworn by  
the Marshal, testified as follows:

MR. HARMON: Prior to the testimony from the members of the panel and even prior to their introduction, I would like to state that it should come as no surprise that an organization as large as Yakuza would proceed cautiously as it begins to establish itself in a foreign country.

So there is no solace in the relatively few locations with identifiable Yakuza activity.

The Commission's investigation, however, had discovered one striking example of the intercontinental

reach of Yakuza. The staff of the Commission has interviewed and taken a deposition from a veteran of the United States Air Force who has been convicted of running guns to Japan.

After he was held in contempt and incarcerated overnight upon the order of a United States District Judge, the witness veteran explained that his involvement in **Yakuza** began by taking small loans from a Korean while he was in the Air Force.

The witness explained it this way. "It basically started with little favors, and then the fact that, you know, I didn't really feel I could find a decent job here in the United States. I wanted to spread my wings a little bit. Began to meet people and borrow. It ended up I was a little bit deeper than I should have been, and when I tried to get out it was impossible."

In exchange for a promise to discount this loan of \$2,000, the Korean first asked the witness to recover a package of amphetamines believed to have been lost in Japan.

When he failed to do so the witness was beaten by Yakuza members and threatened by having a gun placed in his mouth.

The witness found the package and later transported a second package of amphetamines from Korea to Yatote, (ph) Japan where he gave it to Yakuza. Upon returning to the United States, he received threatening calls from Yakuza, and had his number unlisted. Three days later, the Yakuza had the new number in the United States.

The witness then smuggled about 250 guns to the Yakuza in Japan using military and commercial aircraft. Strict firearm laws in Japan make these guns worth up to \$1500 apiece. Over a two-year period the witness netted \$250,000 for this gun ring scheme. The witness after expressing fear for his life summed up his experience with the Yakuza this way, "The American Mafia is kind of like, it is kind of funny to say but it is like a kid's game, they (Yakuza), are very strict in their codes, they are very strict in what they do."

With those thoughts in mind I would ask Mr. Hunteerton to introduce the panel for questions of the Commission.

MR. HUNTERTON: Mr. Chairman, we are fortunate to have with us again today Inspector John McKenna seated to the Commissioner's far left.

In the middle position at the table is Detective Bernard Ching, a member of the Honolulu Police Department for the past 24 years with an extensive background in sting operations and a thorough working knowledge of Yakuza activities in our westernmost state.

At the far right of the panel is Detective George Min of the Los Angeles Police Department currently working with Organized Crime Intelligence Division. He, too, has spent a good deal of his working life gathering information about Yakuza members, their associates and their activities in the southern California area.

Each of these men has the credentials to testify on the topic of the Yakuza in the United States.

I would like you gentlemen to begin, and I will ask Inspector McKenna to address this first, by telling us why it is important for us to discuss the Yakuza given that we have learned so far that they are not in this country in tremendous numbers, that the statistics regarding Yakuza violence or Yakuza criminal activity of any form in this country are not particularly large compared with other forms of organized crime.

Given those things why is it we should be addressing them and I would like you to pick up on the example that Mr. Harmon cited and express an opinion on whether or not the experience of this serviceman smuggling guns to Japan for the Yakuza is an isolated example, or indeed an illustration of a serious organized crime.

MR. MC KENNA: If that question was given to a member of the San Francisco Police Department several years ago, we probably would have answered negatively, that we have no interest in this problem. We know nothing of this problem. Our major problem of course was always considered to be Chinese organized crime, but in the last seven years something was evolved in our city in Japanese communities and we have observed the appearance of these people.

Traditionally having fit the pattern as the witness heretofore testified, we have seen incidents, isolated incidents presently going on in our community, minor cases of extortion, threats against merchants, physical violence, things of that nature.

This leads us to make contact with our brother officers in the Pacific Basin area, Hawaii, and in Los Angeles.

What is true in San Francisco seeming to be a growth problem, we feel we have looked into it and attempted to address it before it gets out of hand. Much has happened in the early sixties with the Chinese groups. If we don't do this we feel that we will have a situation involved in our community which can be traumatically devastating to the well-being of the social structure and with that we're still learning.

We feel that it is imperative that we stay on top of this. We feel that working on this in a federal nature is paramount.

MR. HUNTERTON: I would like you to address your comments, Mr. Ching, to why the Yakuza is the most substantial problem in Hawaii rather than in any other state at the current time.

I would like you to describe how the Yakuza moved in, how they related to existing elements of organized crime in the Hawaiian Islands and predict for us, if you will, whether or not that same method of operation is to be expected in mainland United States.

MR. CHING: The Yakuza first entered Hawaii, and Hawaii is the farthest western port of entry

for the United States, sometime in the 60s and they entered Hawaii as restaurateurs, cooks, dishwashers, menial type jobs. They avoided detection by law enforcement officials.

Then sometime in the late 60s and early 70s, incidental meetings in nightclubs between these Yakuza members and members of the Hawaiian organized crime syndicates resulted in partnership and liaisons which we saw emerge in the middle 70s in the form of narcotic trafficking, guns and pornography being smuggled from the United States into Japan.

MR. HUNTERTON: They were doing this in conjunction with the existing Hawaiian organized crime groups?

MR. CHING: Yes.

MR. HUNTERTON: Did the marriage seem to work out or did they simply -- were there battles or did they reach --

MR. CHING: The bottom line of that particular question is they act to make money and with that in mind there are no such things.

MR. HUNTERTON: With money, all things are possible?

MR. CHING: Yes.

Along with all these other activities, other forms of criminal activity occurred in the form of prostitution, and extortion, and they continue today.

MR. HUNTERTON: Detective Min from Los Angeles, what have you seen of the Yakuza activities, and what can we expect, in your judgment, of the model as described by Detective Ching of the Yakuza affiliation and cooperation with existing organized crime groups?

MR. MIN: Well, I have seen many crimes being instituted by Yakuza. We have cases of homicide, prostitution, prison escape, gun smuggling, money laundering in the sense that they invest their money in Japan, they invest it in their business here which somehow keeps up the money.

We have two cases of homicide which occurred in the open. The first is a 1980 case where a tattooed body was discovered sixty miles from Los Angeles. He is still unidentified as of this date and because of his extensive tattooing, we are pretty much sure that he was a Yakuza member.

Another one we have is in February of 1984 where a known Yakuza associate was strangled to death in a downtown Los Angeles hotel and that case is also an

unsolved crime.

Prostitution, you may say we have, a type of prostitution, since there are advertisements placed in American show business newspapers, entertainment newspapers for singers and dancers to go there (Japan) and once they get there they get a beating or are threatened into becoming prostitutes and they usually spend, generally their contract is for a few months and they're promised lots of money for the few weeks or months that they spend there.

There was a female that lived in North Hollywood which is close to Los Angeles, she found herself in this predicament and she claims the U.S. Embassy in Japan did not help her and she has a lawsuit against the State Department.

We have a case of a prison escape. The gentleman's picture that was displayed here was a -- he was incarcerated in prison in California for smuggling in Hawaii and he was seized in 1981-- he escaped. We believe he is somewhere in Mexico.

MR. HUNTERTON: That is the man with the tattoos all over his body?

MR. NIN: Correct.

We see activity which in Japan is corporate

blackmail. They print weekly newspapers, magazines and usually they've got dirt about business executives.

These things are done in accordance and sometimes in cooperation with the Yakuza. This group was here in 1981, they bought stock in many American companies. They attended a meeting in 1978 of IT&T and they also in April of 1984 attended the IBM stockholders' meeting in Los Angeles.

So, these are the type of activities that I see.

MR. HUNTERTON: Detective Min, I would like you to address an organizational question.

The previous witness, a member of the Yakuza, discussed the two charts regarding Yamaguchi-Gumi and Sumiyoshi-Rengo, do you know if any of those groups or any Yakuza groups have either established a beachhead or are sending representatives to Los Angeles?

MR. MIN: Yes, on the west coast and particularly in Los Angeles, the most active group appears to be -- we have Yakuza boss, but we have Yakuza members and associates that reside in Los Angeles.

They usually come and they contact the same

person and they're escorted around Los Angeles by this person. We have instances of a person named Komosaki who was high ranking member. He was in Los Angeles in 1982.

He was trying to establish a business and when he first started out in Hawaii, came to Los Angeles and he defrauded a large Japanese business machine company and he subsequently left. He is Japan right now.

MR. HUNTERTON: Inspector McKenna of San Francisco, which is a very substantial financial center, have there been any examples or precursors of these activities?

MR. MC KENNA: We had a follow-up in one of our corporate stockholder meetings. This organization attended the meeting. They were not disruptive but suggested--you could see this was testing the water, the early on ability to see what was going on.

Other incidents we have identified were who we feel members of the Sumiyoshi-Rengo ended up in assaulting a proprietor of a series of restaurants and then our investigation led us to other restaurants -- chefs, and the man who was thrown in the frozen food locker, all because they refused his

demands and requests for renovation of the restaurant. It occurred in L.A.

MR. HUNTERTON: I would like you each to address this question in turn and I will stay with you, Inspector McKenna, in light of the fact that you were part of the panel yesterday.

The question is this. Would you say from the perspective of your own jurisdiction what parallels and similarities you find between the Yakuza and the Chinese organized crime problem as it was described yesterday and as you find it in your own experience. And would you state the differences that you find that exist in your jurisdiction and I would ask that each of you address that.

MR. MC KENNA: Well, there were certain similarities. Primarily the situation of the Yakuza is that most of these people are new entries into our country from Japan.

We have no native born. In Chinese gangs you have both American born and the Hong Kong that have joined in the gang.

The sequence of this, of the Chinese gangs as it broke down by law enforcement, this situation that is beginning to evolve it's going to require a

lot of study, it is going to require a lot of techniques. It is here, it is going to be with us and I think all of us should look at it very, very closely.

MR. HUNTERTON: Detective Ching.

MR. CHING: In Hawaii we do not have the opportunity to compare Chinese organized crime groups with the Yakuza. We do not have that Chinese problem.

I can compare it with our own local or with American organized crime in the sense that Yakuza while here in this country--let me rephrase that.

Their ability to conduct business on our streets and in our communities can only be done in large metropolitan areas with Japanese population.

There is a language barrier which they must overcome and they can only do this in communities where there are Japanese speaking individuals.

MR. HUNTERTON: Thank you.

Detective Min of Los Angeles, can you give us your perspective on this question, please?

MR. MIN: Well, we have some Chinese gangs in the City of Los Angeles. It would virtually be impossible to be a Yakuza being fifteen or sixteen years old. All the Yakuza I've come in contact with are Japan born. They are not recruiting American born

Japanese into their organization so it would be virtually impossible for American born Japanese to be a member of the Yakuza, although they sometimes do establish businesses together.

MR. HUNTERTON: Would this necessarily make undercover infiltration difficult?

MR. MIN: That's correct. It would be very difficult.

MR. HUNTERTON: With that, Mr. Min, I would note that the members of the panel and their respective departments will be filing shortly complete statements giving a good deal of information and with that in mind I would open the floor up to the questions by the Commissioners.

Thank you.

THE CHAIRMAN: May I ask one or two questions?

Detective Ching, you are from Hawaii?

MR. CHING: Yes, sir.

THE CHAIRMAN: You have a famous case involving an individual named Wooley Wooley (ph)?

MR. CHING: Yes.

THE CHAIRMAN: As I understand there is corruption throughout the State?

MR. CHING: Yes.

THE CHAIRMAN: Corruption by officials, is that right?

MR. CHING: He's alluding to such things --

THE CHAIRMAN: What is his background?

MR. CHING: Mr. Wooley Wooley is a local born individual of mixed Hawaiian racial extraction and he's a product -- he's in his middle 40s and his action is completely organized crime.

THE CHAIRMAN: Your local organized crime, does it include the Yakuza?

MR. CHING: No, it does not.

THE CHAIRMAN: Are the Yakuza engaged in narcotics?

MR. CHING: Yes, they are.

THE CHAIRMAN: About how many members of the Yakuza would you say are presently in Hawaii?

MR. CHING: That figure would not be known. If I threw one out it would not be accurate.

THE CHAIRMAN: All right.

COMMISSIONER DINTINO: I would like to address this question to Inspector McKenna.

As you know in New York City organized crime is basically controlled by the La Cosa Nostra. I say basically controlled.

I heard you speak yesterday about Chinese organized crime and today you're speaking about Japanese organized crime.

I am just wondering in the great State of California how do you compare La Cosa Nostra, does it have any significance as it has in New York City?

MR. MC KENNA: Your question is do we have La Cosa Nostra?

COMMISSIONER DINTINO: And how significant are they?

MR. MC KENNA: I think and I'm speaking for the City of San Francisco, Detective Min could talk about Los Angeles, I think we have a very, very minimal presence of what is traditionally known as the La Cosa Nostra, but I think this is because of the make-up of our city.

It is primarily of the small racial groups. We are close to almost 30 percent Asian. In that area of what we could consider to be traditional organized crime, our largest single problem we **feel** is in the Asian community, number one presently, probably the Chinese.

This situation of the Yakuza is this, we are

studying and reaching out for aid to our brother police officers.

One of the things we have to do is an educational process of the community and of the police themselves if they can recognize the traditional subjects. The La Cosa Nostra is very, very minimal.

COMMISSIONER DINTINO: Sir, to follow up on that, if I may, one of the mandates of the Commission has been to establish that there are other organized crime groups, which we have very effectively. It is more than just the La Cosa Nostra in the United States.

Also we have been referring to these groups as the new emerging group. We can also say traditional versus non-traditional.

Personally, I would like to refer to them as previously unknown. I would like to see what your reaction is. How would you refer to these groups? Are they new or have they been around for a while?

MR. MC KENNA: Some of the first calls as to what we know are Chinese gangs which began seventeen years ago.

At that time, we were very unaware of any

problem that was evolving. It wasn't until we got into the heart of this matter that we involved began to realize these young street kids were separating themselves into street gangs.

As they grew and survived all of the needs, many, many homicides, they grew into adulthood and started to have a direction of leadership, almost classic in the organized crime structure.

They started to take over a whole community. The Golden Dragon incident was a catalyst that terrorized that area, which was tourist oriented, for at least two or three years.

It was very destructive. A lot of people had to go out of business. No tourists visiting. People moved and there were others terrorizing this type of activity. It was a classic from my studying what organized crime was, it was a take-over of a segment of a community.

This began with minor incidents and then with homicides seventeen years ago.

COMMISSIONER DINTINO: You have done an excellent job with the City of San Francisco. What would you tell Federal agencies, State agencies and other agencies as far as having substantial data

base concerning these other organized **crimes** that we've been discussing the last two days? Is there a lack of it?

MR. MC KENNA: I can only address the situation I feel has to be a Federal cooperative venture. We have individuals in specific Federal agencies that are seeing this problem, reaching out, trying to grasp or deal with it.

I think it is ~~forums~~ like this and educational forms that bring more for us to understand the standards of realizing that situation exists.

I don't feel that often with various Federal agencies with this problem. We do occasionally have joint ventures, joint operations with drug enforcement, FBI on the trouble of these people.

Our jurisdictional limits for City and County are boundaries. When we have information, we pass it on to the proper Federal agency and hope that the telexes to Hong Kong Police can take the necessary surveillance.

COMMISSIONER DINTINO: Just one more yes or no. Generally, is there a lack of knowledge concerning organized crime groups in this country?

MR. MC KENNA: I don't think so.

COMMISSIONER DINTINO: Thank you.

THE CHAIRMAN: Are there any other questions?

COMMISSIONER ROWAN: Thank you.

The traditional law enforcement techniques of wire-tapping, and informant development, and direct undercover operations within traditional organized crime doesn't seem to be the method you're going to be able to use in these newly discovered groups.

What, if you can tell us, suggestions do you have for some innovative and creative techniques which we can begin to use?

MR. MC KENNA: As I said yesterday, in California we don't have wire-taps. We decided a long time ago it is the breakdown of the reluctance of the people of these racial origins to cooperate with our police.

One of the things we really can't blame them. It requires an education by the police and one of the things we do is we prepare literature both in English, Cantonese, Mandarin, Vietnamese, and Japanese. It explains who we are, our phone number, what we hope to do with them. We also have started many years ago in our Gang Task Force going to the

community, talking to the children and we established a network of informants both in the legitimate community and in some cases those people involved -- during the Golden Triangle, later on, 14K members.

We pursued these type of things. Sometimes it is group meetings. We have met with the Chinese press. They cover and recommend to the community on the Chinese New Years and the various affairs that extortion is going to rise, that the police are there to help.

Another thing we do, we have had success on the extortion. The day of trial we make it a point that one of the officers goes and escorts the witness to Court. There is a certain amount of security when they feel the police are interested enough to go out, be with them during the testimony and then return them to their home.

We make it very, very strong.

COMMISSIONER ROGOVIN: Is that true for you, Detective Ching?

MR. CHING: In the investigations you have to deal with that particular problem on a different level, as you would in relation to our known La Cosa Nostra type organized crime, our own

personal-type crime. You are dealing with different type of criminals, somewhat fanatical and different methods, investigative methods, methods that should be used.

COMMISSIONER ROWAN: Is there anything you could suggest to us, Mr. Min?

MR. MIN: There should be some type of educational program for law enforcement officers throughout the country. This is to inform them of this type of thing. Methods in which penetration is possible.

COMMISSIONER MILLER: Do you gentlemen know what the position is of the Japanese government or the Japanese law enforcement agencies with respect to the Yakuza and whether they're in a position to assist or to do something on their own in combating the problems that have been described here today?

MR. MIN: Well, the information I have from the Japanese police is that they have started operating a drive to eradicate, because of the social structure that there is demand. They try to discredit them. They try to get their legitimate business people not to deal with them.

They put up the billboards, their children

should not play with the Yakuza children. However, the Yakuza has been entrenched for about 200 years or more and is difficult for them to eradicate very quickly. I think it would be a great help to us if we could cut bureaucratic red tape because the Japanese police are very structured, once again because of the type of society it is.

If we could have freedom of information so that seminars, conferences and that type of thing, I think that would be very helpful to us.

MR. CHING: Let me give you my experiences, my background in the middle 70s. We were not able to get any information as far as Yakuza out of Japan and we had to go to find out in a very structured chain of command.

It has been changing radically since the first United States-Japan Conferences on Organized Crime, Yakuza, which was in January of 1980, and there has since been three such conferences and like the detective related to the cooperation of these areas is starting to be better but there is still a bureaucratic type red tape that exists between the United States and Japan as far as the freedom of exchange of information.

THE CHAIRMAN: Commissioner Rogovin.

COMMISSIONER ROGOVIN: I am very interested in two aspects.

One, you suggested that infiltration is a possibility. Did I understand you correctly?

MR. MC KENNA: Yes, it is.

COMMISSIONER ROGOVIN: Is your purpose to have a long-term intelligence within criminal organization or is your purpose to try to make cases to that --

MR. CHING: In the past we have made cases.

COMMISSIONER ROGOVIN: You destroy the infiltrator, officer?

MR. CHING: Yes.

COMMISSIONER ROGOVIN: Have you, in the last couple of years, you and the few members of your unit been receiving increased requests for information about the Asian organized crime groups from continental United States departments --

MR. CHING: Yes, specifically on the Yakuza.

COMMISSIONER ROGOVIN: Which suggests there is a scarcity of that information about the Yakuza in the continental U. S. Police Department Intelligence Groups?

MR. CHING: Yes, there is.

COMMISSIONER BREWER: I would just like to direct your attention, all three of you.

Are there any legislative changes that you would like to see that would make it more effective with this against organized crime? I'm talking about federal or state.

MR. MIN: As to what was stated earlier in California, that we have against organized crime has occurred because we have been able to use as a task force--I think that it is one that would be nice to have.

MR. MC KENNA: I would like to see it all across the spectrum of this non-traditional Asian organization, something like a central depository of information, freeflow information, if you will, not only from agencies, local agencies as we deal with each other, but from the Federal Government. It might be best that it is maintained.

All information on these individuals, on their habits, when they leave the country, who they deal with. I think that would be an asset for all of us, but it has to be free and open, all that segment of law enforcement that were dealing with specific incidents.

I am not saying every member of every police department should find out, but in fact, those agencies dealing with that problem in the intelligence field should have that information, whether it be here in New York, Houston, Texas, San Francisco.

Sometimes law enforcement-- sometimes they meet people, fly off places and then come back and entertain from that part of the world, running around, hoping to pick up knowledge. If we had a depository of information we can start picking up the pieces, I think it would be of tremendous value to all of us.

THE CHAIRMAN: Thank you. Thank you for coming.

Mr. Harmon, excuse the witness and call the next witness.

MR. HARMON: A presence of Yakuza has caused the staff of the Commission to begin to take a look for any signs of Yakuza on the East Coast.

To our surprise, we found a beginning of Yakuza involvement on the East Coast and, equally to our surprise, we found signs that the Yakuza activities in New York City are being undertaken along with elements of traditional organized

crime. This is an aspect of the Yakuza picture that we cannot fully develop today because of a challenge, which I will describe after the testimony of this witness, to a subpoena served upon a witness for today.

In general terms, Mr. Chairman, we have uncovered information that there have taken place in New York City, high stakes gambling games in which Japanese businessmen participated and which were bankrolled by members of families of La Cosa Nostra in New York City.

These high-stake gambling games also took on aspects of finding operations also undertaken by elements of La Cosa Nostra.

Mr. Hunterton will undertake the questioning of a witness who has firsthand knowledge of these activities.

#### UNIDENTIFIED WITNESS

T H E   W I T N E S S,   having been first duly sworn by the Marshal, testified as follows:

MR. HUNTERTON: The witness is accompanied by an individual who will assist him, if necessary, in understanding questions although the witness will answer directly and will be answering in English.

This witness is a resident of New York City and has lived here for some ten years while working in a service business. Prior to coming to the United States he lived in Japan.

MR. HUNTERTON: Mr. Witness, did you know of Yakuza activities in Japan?

WITNESS: Yes.

MR. HUNTERTON: In Japan, who were the Yakuza? What did that mean to you when you lived in Japan?

WITNESS: They're gangsters.

MR. HUNTERTON: Did they run places of illegal gambling in Japan?

WITNESS: Yes.

MR. HUNTERTON: Did they run all of the places of illegal gambling in Japan?

WITNESS: Yes.

MR. HUNTERTON: What would happen to someone who was not a member of Yakuza but who opened a place of illegal gambling in Japan?

WITNESS: The next day he would be out of business because Yakuza break up the business.

MR. HUNTERTON: Did you grow up in Japan with any people who subsequently became members of Yakuza?

WITNESS: Yes, I know a few people who I grew up with who are now Yakuza.

MR. HUNTERTON: And in this way, growing up with some of these individuals, have you become familiar with some of the traditions of the Yakuza?

WITNESS: Yes.

MR. HUNTERTON: Now, we have already heard testimony about these traditions, the tattooing, the cutting off of the finger to apologize to a superior. I'm not going to go into that with you again, but I would like you tell the Commission whether or not these traditions continue and if so, are as many people observing them now as used to when you were a child?

WITNESS: Yes, not the younger ones, only older Yakuza do this.

MR. HUNTERTON: The younger ones are not observing the traditions as much as the older people used to?

WITNESS: Yes.

MR. HUNTERTON: Do you believe that the Yakuza are active in New York City?

WITNESS: Yes.

MR. HUNTERTON: Why do you believe that?

WITNESS: Because it is common knowledge among Japanese here and I've had some personal experience.

MR. HUNTERTON: I'm going to ask you before we get to that personal experience, about a particular Japanese person named Sobun. We will return to Sobun later, but for now, in the context of having described Yakuza in Japan and your familiarity with Yakuza members in Japan, is this man named Sobun to whom we will be returning, Yakuza?

WITNESS: Yes, he is.

MR. HUNTERTON: Now, you are a gambler, is that correct?

WITNESS: Yes.

MR. HUNTERTON: And could you tell us, please, on an average, how much you would win or lose per night so that the Commission can get an idea of what size gambler you are?

WITNESS: Five to \$6,000.

MR. HUNTERTON: And within the past few years have you gambled at places of illegal gambling here in New York City?

WITNESS: Yes.

MR. HUNTERTON: Were these games held in the Chinese community of New York City.

WITNESS: No.

MR. HUNTERTON: Where were they held?

WITNESS: Two on the east side, one in midtown, one midtown west, four places.

MR. HUNTERTON: You have told me previously that you would do this two or three times a month over a number of years.

I would like to ask you, over time, did you regularly see some of the same people operating the games at these different locations that you have described?

WITNESS: Yes.

MR. HUNTERTON: Were all of the people operating these games Japanese?

WITNESS: No, some of them Italian.

MR. HUNTERTON: How would the games run?

WITNESS: Different people sell drinks, but Italians were in the back room and approved play on credit.

MR. HUNTERTON: Did you sometimes play on credit?

WITNESS: Yes.

MR. HUNTERTON: And other players at the game played on credit?

WITNESS: Yes.

MR. HUNTERTON: Was interest charged on this credit that players could get if they left the game as a loser that night?

WITNESS: Yes.

MR. HUNTERTON: How was the credit collected?

WITNESS: If I pay in two, three weeks nothing happen, but if you took longer I would be visited by someone from the game, they say they hadn't seen me for a while and they hope to see me soon.

They were no threats but I understand it was time to pay and I did, soon.

MR. HUNTERTON: How did you pay?

WITNESS: By cash. If the debt was less than 2,000, by cash. By check written to cash, if it's more than 2,000.

MR. HUNTERTON: The people who came to your place of business and said that they hadn't seen you for a while and said that they hoped to see you soon, when you owed them money, were they Japanese?

WITNESS: No, Italian-American.

MR. HUNTERTON: The Italian-Americans came to do the collecting?

WITNESS: Yes.

MR. HUNTERTON: Did any of the operators at these illegal gambling games carry weapons?

WITNESS: Yes.

MR. HUNTERTON: Did the Japanese carry weapons?

WITNESS: No.

MR. HUNTERTON: Did the Italian-Americans carry weapons?

WITNESS: Yes.

MR. HUNTERTON: Was stolen property available for sale at these games?

WITNESS: Yes, some cameras, watches and I believe it was stolen.

MR. HUNTERTON: Why do you believe it was stolen?

WITNESS: Because this was talked about and the prices were 5 percent or 30 percent of the store price.

MR. HUNTERTON: If a player were to buy some of the stolen merchandise while at the game, who would he pay?

Would he pay the Japanese or the Italian-Americans?

WITNESS: The Italian-Americans.

MR. HUNTERTON: Now, I want to return to the man named Sobun. Did you see him at these games?

WITNESS: Yes.

MR. HUNTERTON: Did you see him elsewhere outside the games?

WITNESS: Yes, at nightclubs and bars.

MR. HUNTERTON: And were these nightclubs and bars places frequented by Japanese Nationals and Japanese-Americans?

WITNESS: Yes.

MR. HUNTERTON: What was Sobun doing at these nightclubs and bars?

WITNESS: Looking for new customers.

MR. HUNTERTON: Was Mr. Sobun paid a commission or paid in any way for bringing new customers to the games?

WITNESS: Yes, I believe he got the commission for new customers.

MR. HUNTERTON: When you last heard from Mr. Sobun, what did you understand him to be doing?

WITNESS: He was going to open his own company.

MR. HUNTERTON: Mr. Harmon has some information to provide by way of a summary to the Commission which I think they should have before the floor is open for

any questions.

MR. HARMON: Mr. Chairman, the Commission has just heard the testimony of this witness which is only part of the story. We are developing the next step, namely, the extent to which members or associates of La Cosa Nostra families have established working relationships with members of Yakuza here in New York City.

The Commission has followed up on the testimony of this witness by developing specific information concerning this type of illegal gambling in New York and San Diego, California, which was particularly directed to affluent Japanese businessmen.

An operator of some of these games, one Robert Comegna, was responsible for finding the locations for the games, supervising the play, and collecting and threatening Japanese businessmen who incurred gambling losses.

Comegna was assisted in this operation by a man named Sobun who is believed to be involved with the Yakuza and indeed a Yakuza member or associate.

Sobun not only used his contacts to procure individuals for the games, but also assisted Comegna with debts and charged some of those debtors interest

on debts.

Comegna also had a substantial number of checks from gambling debts deposited in his New York bank account and subsequently withdrew cash for distribution to others.

While the precise amount of income that Comegna earned from this game is unknown, one estimate indicates that Comegna withdrew more than half a million dollars in cash from his bank account.

Comegna's role was uncovered when he left a briefcase containing hundreds of thousands of dollars in checks and over \$8,000 in cash in a San Diego supermarket. The briefcase contained records of debts and phone numbers of individuals involved in the game.

Comegna was ultimately convicted of participating in an extortionate credit transaction, that is, loansharking and evading income taxes. Comegna's boss in the operation has been identified by one law enforcement agency as a member of a La Cosa Nostra family.

Another source has identified Comegna as a fence who has handled property stolen from JFK International Airport which is controlled by the

Luchesi family of La Cosa Nostra and, to a lesser extent, the Bonano family. This individual has been subpoenaed and the Commission will seek to compel his testimony to determine the scope of Comegna's participation in illegal gambling and loansharking enterprises including the one described by this witness.

This Commission subpoenaed Robert Comegna on September 28, 1984, to provide testimony in a closed deposition. After the United States District Court in New York City issued an order on October 17th compelling Comegna's testimony under the Federal Immunity Statute, Comegna moved to quash the Commission's subpoena.

Although the District Court denied the motion to quash, the matter is still in litigation and in the spirit of the order of the District Judge, there has been a determination to await the outcome of that litigation before attempting to question Comegna directly concerning these activities which I have just described.

Mr. Chairman, with that background in mind, the witness is available for questions.

THE CHAIRMAN: Are there any questions?

No questions, thank you.

MR. HUNTERTON: Thank you.

MR. CHAIRMAN: I would simply say at this point that we are concluding the hearing today on Japanese organized crime.

I would like to say that the expert testimony you observed demonstrates new groups larger and potentially more dangerous than the so-called La Cosa Nostra.

They are beginning to follow in the footsteps of their more highly publicized predecessors. The evidence that we have uncovered in the Triad and Japanese Yakuza that trace their origins to Asia revealed that organized crime is not a phenomenon, not limited to a specific nation or solitary ethnic group. It is a multi-national institution.

By exposing this threat and exploring the similarities between these Asian groups and criminal cartels, we, in the Commission believe we are carrying out the President's mandate to investigate and publicize the extent of the organized crime threat in the United States.

In the future hearings we will explore

aspects of the ever-changing nature of this  
malignant institution of organized crime.

With that, we stand in recess until tomorrow  
morning at 10:00.

(Whereupon, these proceedings were adjourned.)

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

OPEN HEARING

October 25, 1984

26 Wall Street  
New York, New York

JUDITH R. HOPE, ACTING CHAIRMAN

THE CHAIRPERSON: My name is Judy Hope. I am sitting in for Judge Kaufman to chair this meeting.

He was called to Washington, D. C. for a meeting with President Reagan. He is sorry he cannot be here and he asked us to go forward in his absence.

The first two days of hearings the Commission believes have been very productive. We have learned first hand of heavily disciplined secret organizations which are operating nationwide in the United States today.

Chinese Triads and the Japanese Yakuza have extended their tentacles in the Asian communities and beyond throughout this country and they pose an increasingly strong threat to all of us from Honolulu to San Francisco, Los Angeles, Chicago, Boston and New York.

They are bound together by ties of family, oriental language and customs, and almost pagan rituals from the blood drinking initiation rights of the Chinese Triads and the Tongs, to the Yakuza.

These groups have proved so far to be virtually impossible to infiltrate or penetrate police undercover activities. We have had testimony that they are now engaged in virtually all of the activities of traditional organized crime groups in this country; murder, extortion, loansharking, money laundering, prostitution, gambling and drugs.

Indeed they account for an estimated 20 percent of all the heroin brought into the United States each year.

The testimony yesterday shed light on the lengths which these newly discovered groups are now merging to the traditional organized crime groups in this country, including involvement in official corruption and working in international money laundering schemes.

Yesterday, the first member of the Yakuza ever to testify in the United States told us of links between United States casinos and the Yakuza in Japan who serve as collectors of gambling debts run up in the United States casinos by Japanese tourists.

Depending upon the outcome of subpoenas

which we have issued for additional Yakuza members to testify, we may be able to establish even more strongly the links, and we will attempt to do that either today or in future hearings.

Today's hearing will also address the emerging Vietnamese criminal groups who are also highly organized and disciplined in this country.

With that, I would turn this over to our Executive Director and Chief Counsel, Jim Harmon.

MR. HARMON: As Commissioner Hope has indicated, up to this point in our hearings we have begun to develop information on the involvement and the attempts by the La Cosa Nostra to reach into the poppy fields of the Far East in which 20 percent of the heroin in this country is produced, where the Triads have developed and where their headquarters are, in Hong Kong, at present.

In addition, yesterday, as Commissioner Hope has indicated, we heard for the first time from an insider of the Yakuza as to the way in which the Yakuza operates and furthermore began to develop a link between the Yakuza and elements of

La Cosa Nostra operating in New York City. We will pursue at a later hearing, as Commissioner Hope has indicated, the links between the Yakuza and legal gambling operations in the country.

Yesterday, the Court of Appeals for the Second Circuit denied Robert Comegna, a witness who had been subpoenaed before the Commission, a further stay of his deposition.

As we sit here now, attempts are being made to take the deposition of Robert Comegna to develop further the information indicating a link between Yakuza in this city and elements of the La Cosa Nostra.

Attempts to take this deposition today will determine whether or not Mr. Comegna testifies today or whether or not other proceedings are undertaken with regard to him.

Today we have asked initially for a person we consider a traditionalist to come testify before the Commission; Ronald Goldstock, who has spent many years in investigation of the Mafia throughout this country, primarily in New York City.

Subsequent to his testimony, which will draw

parallels between the evolution of the traditional La Cosa Nostra and what has been developed to this point regarding the Chinese Triads and the Yakuza. We will then turn to the phenomenon of Vietnamese gangs, which operate from coast to coast.

The Commission will hear as will you, testimony from an insider, a member of one of these gangs, testifying for the first time.

His view from the inside may be somewhat different from the view held by law enforcement of these Vietnamese gangs which may make the point that law enforcement simply is not in a position to gauge the extent and nature of the threats posed by them.

With that, Commissioner Hope, I would with your permission call the first witness.

THE CHAIRPERSON: Go ahead.

RONALD GOLDSTOCK

MR. HARMON: Ronald Goldstock, please come forward and be sworn by the Marshal.

R O N A L D   G O L D S T O C K,   having been first duly sworn by the Marshal, testified as follows:

MR. HARMON: If I may by way of introduction state that Ronald Goldstock has been a prosecutor for many years, has been Chief of the Rackets Bureau of the District Attorney's Office in New York County and in that capacity he was a colleague of mine for a number of years.

In addition, he taught organized crime subjects at Cornell University, and he has been head of the Office of the Inspector General of the United States Department of Labor.

At present Mr. Goldstock is Director of the New York State Organized Crime Task Force, which has developed information leading to the indictment of Antonio Corallo in Suffolk County on various charges.

Mr. Corallo, I believe, is identified in the indictment as a member of the Commission which controls activities of La Cosa Nostra in the City of New York and in other parts of the country.

We have asked, as I said, Mr. Goldstock to come here to give us his view, provide the benefits of his experience in analyzing the oriental groups which are now under scrutiny by this Commission.

Please, Mr. Goldstock.

MR. GOLDSTOCK: Thank you.

A former witness before this Commission, Fenton Bresler, in his book, The Chinese Mafia, makes reference to a lovely phrase in Chinese for the practice of Chinese racketeers extorting money from legitimate businessmen. That phrase is Deem Han Rou, which means dip into the fragrant oil.

Luigi Barzini, in The Italians, notes that the Sicilian phrase for the practice of Mafia racketeers extorting money from legitimate businessmen is "Wetting the Beak," or "Dipping the Beak."

In each case the criminal concept is the same, the method of accomplishment the same, even the poetic phrase used to describe the practice is virtually the same.

Whether the poetry is coincidental or not, the similarities between Chinese and Sicilian organized crime are striking and I think provides important insights into what is occurring, and what methods may be appropriate in dealing with probable consequences.

Let me begin with a caution. I am a student of organized crime and organized crime control, as a prosecutor, an academic and author, and I am not a historian, a sociologist or an anthropologist.

The parallels that I will draw are, I think, quite valid, but in drawing them I mean to make no generalizations about peoples or cultures, other than quoting scholars in these fields.

In any event, even these cultural attributes are, I think, neutral and in no way relate to criminal propensity.

If there is a sociological scapegoat, it emanates from this country, for as Cressy wrote in the 1967 Task Force Report, "Organized crime thrives in the United States, because there is a place for it to thrive here, and that place must be eliminated."

You have heard over the past two days of Triads. The origin, evolution, rituals, practices and even modern activities are remarkably similar to those of the Sicilian Mafia.

Both developed as nationalist organizations, in response to, or at least in a climate of, foreign

oppression. They did so in social systems which were largely medieval and feudal; in which man protected himself and his property by personal or family influence, by courage and self-reliance, as opposed to lawful authority, systems in which the law of the invaders were simply not trusted.

Loyalty and solidarity were recognized in Sicily by Omerta, literally, "being a man," known to us as the Code of Silence. Sicilian folklore holds, "He who is deaf, blind, and silent, lives 1,000 years."

Bresler quotes a Chinese proverb which similarly upholds silence in the face of authority. "When alive, don't go to authority, when dead, don't go to hell."

The political beginnings of the Triad and the Mafia and what is perceived to be their strongly nationalistic roots are seen in the following mottos attributed to their creation hundreds of years ago.

The Triads: "Overthrow the Ching, restore the Ming," was said to have originated in the late 1600's. And while the term Mafia probably is derived from the Arab word for cave, in which the Sicilian bandits sought a refuge, some have claimed inaccurately,

but significantly, that Mafia is an acronym for Italian "mafia," or "Death to the French."

The rituals and oaths of the Triads and Mafia are again remarkably similar. Each initiation rite includes the comingling of blood and burning of paper. Each also uses symbolism to make reference to a variety of themes concerning the societies, origins.

Several early accounts of Mafia oaths list five tenets: One, reciprocal aid; two, absolute obedience; three, vengeance; four, silence to authority; five, secrecy.

Parallels for each are contained in the 36 oaths of the Triad initiation. I should add that this is not surprising. Adherence to each oath is essential to the operation and preservation of any group opposed to outside authority and would be similar to rules of prison gangs or for that matter, the French resistance.

Historical developments relating to both the Mafia and Triads are similar. Each had the fear and respect of the general population during their formative years. They were courted by the nationalists leaders who sought to rid their countries

of foreign influence to unify their political units.

They were significantly involved in criminal activities. As one commentator noted about the Triads, officials and employers of labor found that membership in the Triads increased their security and their profits.

From graft to outright crime is an easy step. The Mafia had, in similar fashion, been hired to run the lands of absentee owners. The Mafia gained capital, took over the land, provided governmental services and taxed the peasants.

The difference between taxation and extortion being slight, they began to "wet their beak" in all monopolistic activity in which they engaged. Both the Sicilian Mafia and Triads came to be opposed by the legitimate government, and with others, immigrated to other countries.

Triad members went to Taiwan and Hong Kong upon the Communist takeover. Mafia members went to the United States during the tremendous wave of immigration at the turn of the century.

Let me now turn to the manifestations in the United States of the heritage of the Triads and Mafia.

As I noted before, the United States is an environment in which organized crime thrives, with each immigrant group adapting to its new country in its own way. Because of sociological, economic and cultural factors, some developed criminal groups, and some of those groups were able to maintain their power over time.

No criminal groups were transplanted here from elsewhere.

As Cressy noted in the '67 report, "Diffusing elements are likely to undergo complicated changes of form and meaning as they enter new cultural settings."

Southern Italian immigrants attempted to live together in many "little Italies" where local dialects were spoken and local customs maintained.

There was an equally great or greater lack of absorption of the Chinese immigrants into American civil society, with "Chinatowns" existing throughout the country.

Each of the two immigrant groups were discriminated against, spoke a foreign language, had little recourse to lawful authority and had a heritage of fear of government and honor through

silence.

The honest members of those groups were the potential prey for those of their own who had the will and power to dominate them through the threat and fear.

You have heard of the formation of Tongs, civic associations which came into being in response to district associations based upon family name. Without resort to lawful authority, Tong members naturally engaged in unlawful activities in order to get even with their oppressors. When they were assured of adequate protection for their legitimate businesses, they took further advantage of their might to operate houses of vice, opium dens, gambling establishments and smuggling. These were found more profitable than regular businesses.

The modern La Cosa Nostra, born of the criminal gangs of the Italian ghettos who preyed on their own countrymen, emerged during the 1930's after a series of fights between the combat gangs who were grouped by ancestral villages. As with the Tongs, La Cosa Nostra dominated and controlled a secret but legitimate fraternal organization with chapters in most Italian communities, the Uniones Sicilianos,

and corrupted it.

You have before you the charts of the organizations showing the hierarchical structure and the division of labor necessary for ongoing conspiratorial crime. Even the type of conduct is similar--illegal enterprises, gambling, vice, drugs, protection, infiltration of garments, theaters, labor intensive service industries.

After internecine warfare and Tong wars resulting from competing interests and lost honor, each group found it necessary to establish institutions to resolve disputes peaceably to promote joint interests.

La Cosa Nostra established a commission in New York made up of the heads of the five families with national meetings when necessary.

The Chinese consolidated benevolent association served the same purpose for Tongs.

The La Cosa Nostra families by their nature were criminal whereas the criminal nature of Tongs vary, and it depended on the particular Tong and the particular part of the country.

Thus, these uniquely American institutions formed, developed and thrived in remarkably similar

ways, engaged in similar activities and for many of the same reasons, for a long time, resisted law enforcement. Included among these reasons were secrecy within their society, the small number of their nationals in local police departments and federal law enforcement agencies.

There was belief among their own populations and the American population in general that they only hurt each other and there was no need for other people to get involved. There was, for a variety of reasons, a lack of informants and the "strange" and nonunderstood language meant there was little use of electronic surveillance.

Continuation of these groups rested in part on the recruitment of new members. Valachi described the purposes of youth gangs for the La Cosa Nostra and the same is true for Chinese youth gangs. You are able to judge the desire and the judgment of young people coming up.

You can test their skill in criminal activities. You can determine whether or not they could do time in prison without cracking and determine whether or not they will be silent in the face of the authorities.

You can establish their roots and be sure that

they are not undercover looking to infiltrate criminal gangs. The relationship of Triads to Tongs and Sicilian Mafia to La Cosa Nostra is, in part, conjecture and clearly a subject of some disagreement.

I would suggest, however, that those relationships are similar and based upon three major factors. One, there is a common ancestral heritage, and in some cases, membership in the Triads and the Tongs and in the Sicilian Mafia and La Cosa Nostra, which results in trust and ability to cooperate.

The second major factor is the international heroin trade which is lucrative far beyond any other criminal activity. The sources of heroin in each case are with the ancestral organization, and there is a need for both groups to work together. Finally, the new organizations have a need for discipline and persons willing to commit violent acts who are not known in the United States. The ancestral organizations can provide such persons and, hence, an influx of people to the new organizations.

The Commission has heard about Japanese and Vietnamese organized crime groups. Questions as to the threat each pose are still to be answered and

comparison with traditional La Cosa Nostra-type groups are difficult to determine, but I think in general, the following can be said:

First, the Japanese have and have had in the past a legitimate national government. There has been no mass immigration, no Japanese enclave to prey upon. The crime by the Yakuza appears to be crime of Japanese criminals in the United States, not those of Japanese-Americans.

The Vietnamese situation is somewhat different. They have a history of oppressive government and foreign rule. They had no recourse to legitimate law enforcement agencies or courts.

There was mass emmigration resulting in enclaves in the United States on which their criminals may prey. Fear and extortion are prevalent. The crimes which are known to exist relate to vice and narcotics and are similar to those initially engaged in by Chinese and Sicilian groups in the United States.

As a result, it appears that those groups have to be carefully observed and watched to determine how law enforcement is going to ultimately deal with them.

That is the conclusion of the formal statement and I will be happy to answer any questions that you have.

MS. HOPE: Does that conclude your statement?

Does the Commission have any questions?

COMMISSIONER ROGOVIN: Let me first say, Mr. Goldstock, that is one of the most cogent presentations. I am not aware that there is any literature in the so-called scholarly literature which does what you have done as I see it in your comparative analysis. I speak for myself and I am sure, for my colleagues. I thank you for the amount of effort.

Thank you.

I would like to invite your attention and ask for your comments as to what you see as to dissimilarities in the two principal subjects of your comments this morning, the La Cosa Nostra, and the Chinese organized crime groups and insofar as you see dissimilarities, how might law enforcement exploit those differences so that we are not contending with more powerful Chinese groups thirty years from now, as we have had to do with the La Cosa Nostra groups.

MR. GOLDSTOCK: Well, I think to date the major dissimilarity between Chinese crime groups and the Italian crime groups is their ability to move into the civic institutions, business life, and social ways of life of American culture.

The Italians have tended to, for a variety of reasons, to become part of the melting pot, and the Chinese have tended not to.

The difference has been, therefore, that the Italian organized criminal has been able to take advantage of opportunities and be involved in types of criminal activities the Chinese have not.

One particular example would be the movement into labor unions and the crime of labor racketeering. The recent indictments with respect to the Lucchesi and the Colombo families are replete with demonstrations of the La Cosa Nostra infiltration of labor unions.

You do not see, or at least I have not seen, similar activities with Chinese organized crime groups. Organized crime distinguishes itself by its ability to take advantage of opportunities that unconnected criminals could not, and that in part comes from the ability to move freely within society

and, I think that is a major difference.

With respect to what can be done in the future, it strikes me that law enforcement has, in the past several years, had amazing success in dealing with La Cosa Nostra families. They have done so through a utilization of informants and electronic surveillance and by use of the RICO statute, which allows such groups to be viewed as enterprises, or entities.

I think the same kind of attention has to be paid to other groups including Chinese and Vietnamese organized crime.

As you know, for the past forty or fifty years there has been a war of attrition in which law enforcement has gone out and investigated individual crimes and individual criminals and made cases against one, two, or even several persons at a time. It was a war which we were bound to lose and we did not succeed until we started to address La Cosa Nostra as a number of distinct entities. The same must be done with respect to other groups as well.

COMMISSIONER ROGOVIN: Mr. Goldstock, yesterday representatives from Dutch law enforcement appeared before us and the senior member of that group recounted brief comments on the proposition

that corruption was observed, or attempts to corrupt government, particularly law enforcement agents have been observed on the part of Chinese criminals operating in The Nethlerlands.

To the extent you think that corruption is an essential ingredient in the success of any organized criminal group, do you anticipate that the Oriental groups, more particularly, the Chinese, will have successes in corrupting them?

MR. GOLDSTOCK: I think that any group that is involved in narcotics trafficking has the amount of money necessary to corrupt and the need to corrupt and thus they will find their way of doing so.

Chinese corruption of American officials is not unknown here. There have been a number of indictments within the Southern District of New York relating to corruption and within New York City. I think that it has been done in the past, will continue in the future and I think that the large amounts of money associated with narcotics make it certain.

THE CHAIRPERSON: Commissioner Methvin.

COMMISSIONER METHVIN: Mr. Goldstock, you commented on the 50 year evolution of La Cosa

Nostra. Perhaps you could give us your observation, if you have had an opportunity to observe on the later generations of the old bosses and the mobsters of La Cosa Nostra.

We are now 50 years beyond, 55 years beyond the original organization, but they were originally street gangs and what has happened to the younger generation?

We read Honor Thy Father theory of things, but you have observed it from a different vantage point. Can you give us some idea as to where the younger generation is ending up?

MR. GOLDSTOCK: I think there have been major changes within the La Cosa Nostra as we know it. There are sociological changes, the members are second and third generation Americans. They don't have the old style values and discipline their fathers and grandfathers have had. Very few of the leaders, the original leaders of the family are still in power, or alive today for that matter, and I'm sure within the next ten years even those now alive will not be around.

The activities that the mob has been involved in have changed over time. Rather than running

the criminal activities themselves, they tend now to finance those activated and allow others to run them.

At the same time that the sociological changes have taken place, law enforcement has paid new attention to the mob, using techniques which are innovative and different than what has ever been done before.

The use of legislation written in 1968 and 1970, particularly the RICO statute, has provided law enforcement with informants and witnesses from within the mob that had never occurred before.

As a practical matter, society did not know of the existence of the mob that formed in 1930 until Valachi spoke in 1962 and 1963. That was the first public announcement by somebody inside, and Valachi at that time was viewed as a traitor, as somebody who had renounced his heritage.

The silence from within continued to exist for 10, 12 years, 13 years, and then when you move into the late 70s, a number of mob figures began cooperating with law enforcement. They testified and wrote books in which they called themselves the honored people and claimed that those in the

mob were not deserving of the respect. Fratiano and Bonnano are examples. You can see the breakdown of discipline, breakdown of the old values occurring, and I think that provides a unique opportunity for law enforcement.

If the pressure is kept up over the next ten years, law enforcement has the ability to do severe damage to the La Cosa Nostra, as we know it today. If they do maintain pressure on the emerging groups, they can stop them from being as powerful in ten years as the La Cosa Nostra is today.

COMMISSIONER METHVIN: Can you give us an idea, maybe you can, maybe you can't, as to what extent the American born youngsters of the old line Mafioso have been assimilated, fallen away from their criminal activities and entered legitimate activities and to what extent is the continued vigor of organized, new blood --

MR. GOLDSTOCK: Well, it depends how you look at it.

Clearly, assimilation has been great and if you look at it percentagewise, the percentage of sons of original mob figures and even their grandchildren who are legitimate, having nothing to do

with La Cosa Nostra is great and only a very small percentage has stayed with the rackets. However, that small percentage is enough in absolute numbers to replenish the ranks of organized crime.

The problem has been for organized crime to determine who is worthy of being admitted into the organization. Because they are now Americanized, they can't go back to villages where people were born and trace their roots.

Those who are involved with recruitment have been concerned in the past about whom they're taking in. The Bonnano family almost accepted an FBI agent into their ranks.

Conversations between mob figures indicate that they have accepted people for membership with concerns about their ability to remain silent when faced with substantial prison terms. They have serious concerns about bringing into the mob native born Italian Americans.

Some families have relied upon either Sicilians coming into the United States and being made here, or Sicilian organized crime figures, that is members who were made in Sicilian families, to cooperating with Americans here. Sicilians

coming into the United States and being actively involved in heroin smuggling is becoming more routine as cases coming out of the Southern District of New York in the last several months have indicated.

It is in fact the same kind of thing you see happening with the Triads.

COMMISSIONER METHVIN: Thank you very much.

THE CHAIRPERSON: Commissioner Dintino.

COMMISSIONER DINTINO: We heard your technical background as an organized crime expert, the Director of New York State Task Force.

Have you made reference to what we should be doing with these emerging groups?

Now, I would suggest that there is a real base for the federal, state and local agencies to concern themselves with Chinese and Triads, Yakuza and Vietnamese and I would venture to say within your own agency there is.

Would you agree with that statement and do you want to elaborate on it?

MR. GOLDSTOCK: I think that is absolutely true and I think in part it is a political problem that is political with a small "n", not partisan.

It is the fact that people who are in organized crime units, strike forces, task forces, rackets bureaus, they see the headlines, the prestige which accompanies the indictments and convictions of traditional organized crime figures and not those of emerging organized crime groups.

It may be that if we don't do anything about the emerging groups they will become incredibly powerful within the next ten years and provide the same problem as La Cosa Nostra does today and provide the same resistance to law enforcement as the La Cosa Nostra has traditionally done.

But, to the extent that you indict and convict any of them today who may, in fact, be contenders for power in the future, the public is likely to say, who are they? What are they? We don't know anything about them. How are you spending our tax dollars?

And so the tendency has been to concentrate on those who are publicly known and which will provide the greatest degree of publicity and impact for the organized crime unit.

As a result there has been a tremendous lack of intelligence, and lack of interest

in emerging groups, for the most part.

I think one of the great acts that this Commission is doing is presenting to the American people the problem that is being faced right now and will be faced in the future by emerging organized crime groups and groups that already exist, other than La Cosa Nostra.

Hopefully it will serve as a catalyst to provide the kind of attention to gather intelligence data which will provide a basis for continued investigation.

COMMISSIONER DINTINO: Would you have any specific recommendations or suggestions to this Commission that would enhance law enforcement agency efforts against these other groups?

MR. GOLDSTOCK: Well, the major one I've just suggested is to provide as much publicity to the public which would encourage the ability of rackets bureau, strike forces and task forces to undertake these type of investigations.

If there is some way of providing resources for or establishing an analytic unit to Regional Information Systems, gather intelligence and analyze it and put it in some usable form, I

would suggest that be done.

The Commission which contains extraordinarily experienced people in this area, will, I am sure, produce recommendations which will enhance law enforcement efforts.

COMMISSIONER DINTINO: Thank you.

THE CHAIRPERSON: Commissioner Methvin has one more question.

COMMISSIONER METHVIN: I would like to follow up and I would like to tap your experience and knowledge of the fifteen years that you have.

We just had last year the conviction of the first teamster local as such under the RICO statute as a racketeer controlled enterprise.

Can you give us why it took so long to bring the RICO statute to bear against labor racketeering, and of course yesterday we had seen the indictment of the entire Columbo family under the RICO statute, but it has been fifteen years before that statute was on the books.

I wonder if you can give us an idea of why we had that lag?

MR. GOLDSTOCK: There are two reasons.

There is no one more conservative than

lawyers; lawyers are used to doing what they did before. They take out forms from old cases and rewrite them for a new case. That is true with prosecutors and defense attorneys as well. In the first civil RICO case, a defendant's attorney pled not guilty, so the fault may be on the other side as well as ours.

I think secondly, it has been a problem with respect to the way law enforcement and the Justice Department has structured itself organizationally. We have a Department of Justice in Washington, which is structured along remedial lines, civil division and criminal division; and we take organized crime which is a societal problem and ask, where should we put it?

Some matters are clearly civil or criminal in nature, and there is no problem. When you get to something like anti-trust, do you say that it is civil or criminal--you say it's both. So we set up an anti-trust division.

Civil rights, what is that? So we set up a civil rights division; with organized crime, we put it in the criminal division.

As a result, the people that were working on

organized crime problems were criminal lawyers. When they saw civil RICO they didn't understand it. It took somebody with a great deal of imagination like Bob Stewart in the District of New Jersey, to use the civil portion of the RICO statute to deal with Local 560.

COMMISSIONER METHVIN: I would just like to say for reasons of time, I will forego pursuing this now, but I think that the Commission needs to pursue this further to see what we can do to further approach this kind of prosecution in our recommendation.

THE CHAIRPERSON: I certainly agree.

MR. GOLDSTOCK: I can add one thing quickly.

One thing that could be done would be the establishment of State RICOs. A number of States have those RICO statutes and are using them quite well, Arizona and Florida.

New York State does not have a RICO and in situations like this we are powerless to act. We either use the Federal RICO in some situation where the State has been damaged, or, we have to turn the cases over to the Federal authorities.

Had we a State RICO I think we could do a

lot more as far as those things.

THE CHAIRPERSON: Mr. Harmon.

MR. HARMON: Mr. Goldstock, you have given your view in general that Chinese organized crime would find it difficult to get themselves involved in the kind of mainstream activities that La Cosa Nostra has been able to develop by way of opportunity over the years.

We have seen links that have been developed between the Chinese organized crime groups and developing links between the Yakuza and traditional organized crime.

Wouldn't the establishment of those links provide access to these otherwise unavailable activities, access by the Chinese and Japanese organized crime syndicates?

MR. GOLDSTOCK: Yes, I think they certainly do.

Rather than controlling them they have access to them. If, for some reason, Chinese organized crime groups needed the results of labor racketeering, and didn't control the union themselves, they certainly would have the ability and opportunity to deal with other organized crime

groups which did control and dominate it and hence they would have the same advantage. I think those links are part of the opportunism of organized crime because they have dealt with other criminals in a variety of contexts and are able to take advantage of those links.

MR. HARMON: Do you think that to some degree it is easier to penetrate elements of La Cosa Nostra than it is the Asian groups that we have seen?

Do you think that that link might be a way to penetrate these Asian groups, especially in heroin trafficking? For example, we heard the Asian groups have great reservations about dealing with many middlemen before they begin dealing with outsiders.

MR. GOLDSTOCK: I think that is clearly the case.

It is an excellent way of getting into those groups. We have done it in a number of cases. Anybody in law enforcement who is working seriously on heroin problems has seen the link between Italian organized crime and Chinese, and Pakistani and have found that by following the heroin, you get to developing and emerging groups.

MR. HARMON: I might point out, Commissioner

Hope, that in the view of the staff, the Chinese Triads also can provide access to legitimate banking institutions and provide extremely sophisticated money laundering capabilities to the La Cosa Nostra, primarily through financial institutions located in Hong Kong.

We have analyzed and developed evidence of massive amounts of unexplained United States dollars, more often than not, street money denominations being returned to the United States from banks located in Hong Kong.

The subject will be explored in more detail in our interim report being given to the President and Attorney General.

If I may add, an example of this extreme caution this may provide, by way of anecdote, an example of a quantum leap in the ways a payoff might be paid to corrupt officials. Specifically the Commission has been given a sworn statement by a police officer in the Fifth Precinct to explain the series of payoffs established to pay police officers to protect street gangs.

The way in which the payoff was made at least during a period of time was this; police

officers were given Citibank cards and told to go to a certain automatic teller and to withdraw on certain occasion, periodically, certain amounts of money, as a way of insulating, in that case, a particular Tong from actually having to make any payoff.

If I could follow up, Commissioner --

COMMISSIONER ROGOVIN: Perhaps we can ask for your views for the benefit of the Commission on this.

We have heard that it is extremely difficult to develop informants within the various Asian groups. On the other hand we have seen that even members of Triads are willing to discuss the activities of other Triads or other Triad members.

We have seen that the members of the street gang are ready to talk about other street gangs and the Tongs are prepared to talk about other Tong members.

In some detail, in other words, they're each prepared to talk about the other, but neither is prepared to talk about their own organization.

What has been your experience in that regard insofar as the La Cosa Nostra is concerned and do you see any way to use this kind of information where

one member of an Asian faction points the finger at another faction and begins to describe its activities?

MR. GOLDSTOCK: This group has been fairly common even within the La Cosa Nostra, that is, they would talk not about the organization and the structure and the existence of La Cosa Nostra, but about individual criminal acts perpetrated by persons in other crime groups.

This is clearly a good way of getting information. And this may, I think, in part be especially true with Chinese groups, because of the large number of members that we are talking about.

With many more people you're more likely to have those willing to talk. I think it is something that clearly ought to be exploited.

MR. HARMON: May I ask one other question, Commissioner Hope?

THE CHAIRPERSON: Of course.

MR. HARMON: Your office made the case against Antonio Corallo, the head of the Lucchese family. Is it publicly known at this point where that electronic surveillance was conducted?

MR. GOLDSTOCK: We did announce that an

eavesdropping device was installed in the car of Corallo's chauffeur, which Corallo would use to go back and forth between meetings.

MR. HARMON: In conducting electronic surveillance, is there a way in which those persons monitoring the electronic surveillance are required to minimize the extent to which they listen in on conversations that are taking place?

MR. GOLDSTOCK: The statute says that the order must be executed in a manner designed to minimize the interception of privileged or non-pertinent communications.

MR. HARMON: In the case of a person speaking a foreign language, for example, the various Asian groups that we have talked about here today, what obstacles does the use of a foreign language render in effective use of electronic surveillance and what do you think about ideas that those obstacles could be overcome?

MR. GOLDSTOCK: It certainly is a problem. The problem is after the first conversation, when it is clear that conversations are going to be held in a foreign language, there must be someone at the receiving location or plant who speaks that

language who could make the on-the-spot determination of whether or not the conversation is relevant and is within the bounds of the order.

To the extent that that language is French or Italian or Spanish, it presents no major problem for law enforcement, because there are enough officers who speak those languages who could be assigned to the plant.

To the extent it is an uncommon Chinese dialect, and not known to law enforcement officers, it creates a major problem.

The statute itself equates the interception of the conversation with the seizure. An amendment to the statute which allowed the interception of all conversations at the time they occurred, (1), if they were in a foreign language and, (2), if there was no one available to intercept those conversations at the plant, would be helpful.

A minimization procedure could be held thereafter, that is, by having a translator instantaneously translate to a law enforcement officer, who could make the determination at that time whether or not they were relevant, keeping those which were and destroying those which were not.

We would then have the same functional equivalent of minimization as practical now, providing the same protection for those who were speaking a foreign language and yet giving law enforcement the opportunity to seize the incriminating conversation.

THE CHAIRPERSON: Mr. Goldstock, thank you very much. I think you have educated us.

MR. GOLDSTOCK: Thank you. I think you and the Commission are doing a major public service.

THE CHAIRPERSON: Mr. Harmon, would you call your next witness, please.

MR. HARMON: Yes, Kenneth Adair, please come forward.

THE CHAIRPERSON: Please go ahead.

MR. HARMON: As we have seen from earlier testimony and the testimony this morning from Ronald Goldstock, events outside of this country have in the past caused migration of criminal elements from those countries, in particular the Mafia and groups from Asia.

In the mid-70's, there began migration, this time from South Vietnam. Almost all good decent people included in that group. These people, these immigrants thought they were trading oppression for

freedom and what they found is that they traded one free fire zone for another. They brought with them a basic distrust of authority.

As we will hear this morning they have no faith at all, in among other things, the Police Department and the United States dollar, trading in their own form of currency. The first witness that we have asked to testify here this morning is Lieutenant Kenneth Adair who will give the background to the immigration of these Vietnamese groups to these countries.

We are going to follow that with the testimony of an insider, as well as members from a law enforcement panel who present the picture as it exists in their cities, as well as newspaper writers from different parts of the country who have had their own experiences with these Vietnamese gangs.

KENNETH ADAIR

K E N N E T H     A D A I R,     having been first duly sworn by the Marshal, testified as follows:

MR. HARMON: Mr. Adair, can you please identify yourself to the Commission and go ahead with your testimony.

MR. ADAIR: I am Lieutenant Adair. I have been with the Garden Grove Police Department. In the last

five years I have been the lieutenant in charge of special investigations.

In Asia, 1975, the fall of Saigon marked the end of the Republic of South Vietnam and the beginning of a major migration of refugees to the United States.

Southern California was affected as Camp Pendleton was used as a processing station for many of the refugees. As they were processed through, they settled in the area of southern California, due to the proximity of the Marine base, the sponsors were local, and the climate is pleasant.

The Vietnamese moved into the Garden Grove area by August, 1975, and the first wave, as it is commonly called, ran from about 1977 into--excuse me, into 1977. They were mostly political, military, middle and upper-class people with connections to the United States Government in Vietnam.

The second wave began in 1977 and consisted of basically the same class of people with the inclusion of so-called boat people. Initially our experience found Vietnamese people congregated in large apartment complexes, apparently feeling security amongst the people from their own country.

There was very little information available at

the time on crime in these communities. It was an extremely rare incident when the police would be called in to handle the situation where the Vietnamese was a suspect and the Vietnamese was a victim.

Generally when the police were called, it was a situation where Vietnamese had become involved in an incident with a person of another race or where he, the person of another race, complained about some cultural practice of the Vietnamese population.

As the local Vietnamese population grew, prejudice caused a general feeling of non-acceptance by the community. This prejudice was fostered by language barriers, misunderstanding of cultural differences, memories of the Vietnamese War and the beliefs the Vietnamese were provided generous government subsidies.

As time progressed the Vietnamese people began to involve themselves in the business community and as had been their practice with housing, they stayed close together. Our experience showed that one shop owner moved into a center and shortly the entire center was Vietnamese owned and operated.

Many times Caucasian businessmen reported they sold their business because the money offered was

simply too good. These Vietnamese businesses seemed to do well as the Vietnamese population almost totally conducted their business with the Vietnamese people.

When the Vietnamese first came to the United States they settled into 27 states throughout the country. In many cases, friends, acquaintances and sometimes families were separated. Some of these families have relocated--this is called the second migration.

People have relocated to Southern California and we believe they moved there for the same reason any other ethnic person may move into that area. They want to be near their family. They perceive an opportunity to be there and it has the nice climate.

An important reason for the second movement is that Orange County is apparently becoming a cultural and financial center for the Vietnamese in the United States. Already we have two very large Vietnamese banks and there are numerous import-export businesses in the area.

The 1980 statistics published by the Immigration and Refugee Planning Center report that the City of Garden Grove had a Vietnamese population of 9,400. Due to the migration into southern California,

(estimated to be as high as a thousand a month), this figure is no longer considered to be valid.

The residential population of the Vietnamese community now is estimated to be approximately 20,000 people. In Orange County the estimate is considered to be approximately 90,000 people. California in all has about 225,000 people. As the Vietnamese people began extending themselves into the community, the police began hearing rumors of organized Vietnamese gangs extorting members of their own community.

Any attempt to investigate these reports were only unsuccessful as the Vietnamese had no trust or confidence in the police. In fact, in many instances, they feared the police as much as the gangs.

Two incidents in Garden Grove catapulted the Vietnamese crime situation into front page news. On February 23, 1981, at approximately 2:30 in the afternoon, gunshots erupted in a middle-class Caucasian neighborhood at the residence of a middle-age Vietnamese person who owned a supermarket. One person was wounded and two were killed.

Although the suspect has been apprehended and convicted it was during this investigation that information was developed indicating that the presence

of Vietnamese organized crime extended beyond the city limits of Garden Grove.

On October 11, 1981, at approximately 1:30 in the morning, three male Vietnamese entered a local restaurant and opened fire with shotguns. The result here was one dead and five wounded. This case has not been solved.

The investigation centered on Vietnamese gang warfare, fighting over territorial jurisdictions. The case catapulted Vietnamese organized crime into the newspapers again and fueled the fear of the Vietnamese criminal element.

During this time, the crimes being reported confidentially were murder, torture, arson, extortion, gambling, prostitution, auto theft, welfare fraud, and narcotics. Often these schemes were reported to involve political fronts alleging to involve efforts to finance freedom for the homeland.

These investigations led to national connections and, in cases, even international connections. Only in rare cases were the informants, victims or witnesses willing to testify in court.

In some of these cases it was even found to be a handicap because we were unable to successfully

investigate some of them due to the language barriers and the lack of operators to conduct the operations of Vietnamese communities.

We also noted at this time that a "gangster" was generally adult male Vietnamese, mid-twenties to fifty years old. They generally had a war record, generally claim alliance to a military source such as the Frogmen.

They seem to be unconcerned with trying to maintain a low profile in the community. Often it appeared that they relish the recognition, frequently they displayed at that time tattoos that reported to display their association, their talent and their past exploits.

All-out efforts were made by law enforcement to identify, photograph and share information on Vietnamese "gangsters." Several of these gangsters began turning up involved in serious crimes in California, Houston, Hawaii and other major cities. These gangsters began to cover up their tattoos and tried to take on a lower profile realizing these helped police to identify them.

In 1982, a reputed gang leader was arrested in southern California for attempted murder. This

arrest appeared to have a major impact on the Vietnamese crime picture locally.

Following this arrest, reports of gang activity diminished, although there were still reports of extortion. We have seen the Vietnamese gangster profile change. Although the crimes being reported today appear to be very similar, the Vietnamese "gangster" is younger, he now appears to be from 14 to 23.

They have developed a penchant for residential armed robberies, again preying on the Vietnamese victims and relying on intimidation and threats to avoid prosecution.

Although these youth gangs have an organizational structure and rarely have a name, they are extremely reluctant to be identified and like their predecessors are mobile.

The same persons are again found to be in criminal activity over and over throughout various parts of the country. Frequently they have attempted to hide their identity by physically changing their appearance or by altering and changing their names.

When these people move to new areas they have contacts to immediately meld themselves into the community and become involved with the local criminal

the Vietnamese gangs to your knowledge?

MR. ADAIR: Initially, indications were that there were those kinds of structures present. We have not been successful enough to get very far up in the chain of command. We are not there. We are willing to commit ourselves to it and since the change in 1981, 1982, of their philosophy, people who appeared in the lower groups are still working for people who we know as local bosses, however, the lower units seem to be a lot more fluid.

THE CHAIRPERSON: These gangs, the Vietnamese that are migrating into the community, are they moving into other areas outside the Vietnamese groups?

MR. ADAIR: Their prime targets are Vietnamese communities. The only non-Vietnamese victims are generally accidental.

THE CHAIRPERSON: Thank you.

Are there any other questions by other Commissioners?

COMMISSIONER DINTINO: I have two questions with two lines of inquiry.

First, California, at least as far as I have been informed, purports to have a sophisticated intelligence program centered in your Department of

Justice. To your knowledge, has there been an effort across the state to collect the data that would permit the central intelligence group, the Department of Justice of California, to produce a picture of Vietnamese organized crime in the state? That is the first question.

MR. ADAIR: We have discussed our problems with the Department of Justice and they have taken information to compile it. There does not seem to be a real concentrated effort to coordinate that information.

COMMISSIONER ROGOVIN: Commissioner Dintino triggered this question from me.

Is there an absence of data information which if it were collected would permit law enforcement generally to do a more effective job?

I therefore take your answer to support the underlying thesis to this question. So far we have not done an adequate job in collecting and analyzing information on organized crime or Oriental organized crime groups, is that correct?

MR. ADAIR: Yes.

COMMISSIONER ROGOVIN: Let me turn to what I think is very significant, what I took to be a very

significant conclusion of yours. That being, 1982 prosecution of an apparently high-level Vietnamese organized crime division had a very powerful deterrent effect in your community; is that correct?

MR. ADAIR: That is correct.

COMMISSIONER ROGOVIN: Do you know of any other example in the organized crime group that indicate that kind of positive impact?

MR. ADAIR: (No response.)

COMMISSIONER ROGOVIN: I don't know, I am interested.

MR. ADAIR: No.

COMMISSIONER ROGOVIN: Was the prosecution to "take off" a high-level figure to discourage others?

MR. ADAIR: No, we just happened to get lucky.

COMMISSIONER ROGOVIN: Thank you.

THE CHAIRPERSON: Commissioner Dintino.

COMMISSIONER DINTINO: We have heard consistently from the witness that with these Asian groups that it is almost impossible to infiltrate.

Well, it seems that I heard the same concerning the La Cosa Nostra and I recall that Valachi in '63, was the first La Cosa Nostra member to come forth and now more recently I am familiar with the Philadelphia

area.

There is an ongoing trial right now in which three members of organized crime are testifying including his half brother, Mario. There were several members of organized crime testifying.

I maintain that La Cosa Nostra members are no different than other criminals. They are faced with severe sentences, I think that the same thing should be projected to the Asian groups.

I just don't believe there is or has been an effort, a concentrated effort in that area. I think that law enforcement takes a defeatist attitude. They have a language barrier, they are not going to talk. They have this code of silence.

Would you agree with that statement or would you disagree?

MR. ADAIR: I would disagree with you.

COMMISSIONER DINTINO: Why so?

MR. ADAIR: Because law enforcement has made a lot of effort within the capabilities that we presently have. In dealing with 550,000 people who currently have a communication network that far exceeds local Police Department efforts to communicate throughout the country, these people have lived in

an atmosphere of fear and intimidation and corruption for such a period of time that they are unwilling to take the chance on law enforcement to provide those things necessary to keep them safe.

Where do they move to under a witness protection program? They exist there in their cultural centers and wherever they go. They don't feel terribly comfortable regardless of what you have done.

COMMISSIONER DINTON: Thank you.

THE CHAIRPERSON: Are there any other questions?

COMMISSIONER ROGOVIN: Lieutenant, are there any Vietnamese-American police officers in the State of California?

MR. ADAIR: No, not to speak of.

COMMISSIONER ROGOVIN: How many Vietnamese speaking, or let me rephrase that...how many police officers in California can speak Vietnamese?

MR. ADAIR: I don't know of any officers in California that can speak Vietnamese fluently. I know some people who can communicate.

COMMISSIONER ROGOVIN: Sort of?

MR. ADAIR: Sort of.

COMMISSIONER ROGOVIN: You are the state that has the Army Language Training School in Monterey?

COMMISSIONER METHVIN: I would like to contribute a point of information. That is, up to 1974, the United States operated the International Police Academy in Washington and trained large numbers of Vietnamese police officers in the academy.

I am sure through the State Department some of the names and present whereabouts could be traced. Many of those policemen obviously came out with the refugees in 1975 and I can't understand why it shouldn't be possible to recruit experienced and decent, honest Vietnamese police officers into the American police forces.

THE CHAIRPERSON: Thank you very much, Lieutenant.

Mr. Harmon, would you call your next witness.

UNIDENTIFIED WITNESS

MR. HARMON: Because of the nature and the activities of the next witness we have to take the same kind of security precautions that we have in regard to the other witnesses. If I could ask your indulgence, it will take us a moment to set up the screen.

THE CHAIRPERSON: Are you ready to proceed, Mr. Harmon?

MR. HARMON: I would like the witness to be sworn.

THE MARSHAL: He has been sworn.

MR. HARMON: The witness has been sworn.

If I may, Commissioner Hope, this witness is in his -- between the ages of 20 and 30. His family has emigrated from South Vietnam to the United States. Portions of his family continue to remain in Vietnam.

If I could direct questions to you now, Mr. Witness.

THE WITNESS: Yes.

MR. HARMON: Are you familiar with an organization, an open organization of Vietnamese people which exists throughout the United States?

WITNESS: Yes.

MR. HARMON: In general terms, what is the purpose of that open organization?

WITNESS: It is an anti-communist organization.

MR. HARMON: Are you a fervent anti-communist? Do you hate the communists?

WITNESS: Correct.

MR. HARMON: Is there another side to this organization which is not open and known to the public?

WITNESS: Yes, one; Dark Side.

MR. HARMON: So you refer to the other side of this organization, you call it Dark Side or the Black Side of the organization, is that right, sir?

WITNESS: Yes, correct.

MR. HARMON: And is that the way that this organization is generally known among the Vietnamese people in this country?

WITNESS: Yes.

MR. HARMON: Now, we are not going to identify the city that you are from, Mr. Witness. We are not going to identify the part of the country that you are from.

Are you familiar, do you know of a number of Vietnamese gangs that operate on the Dark Side that are located in different parts of this country?

WITNESS: Well, Black Eagle, Eagle Seven.

MR. HARMON: Is there a group known as the Fishermen?

WITNESS: Yes, Fisherman.

MR. HARMON: Now, were the Black Eagles located in what city?

WITNESS: In La-- San Francisco, I'm sorry.

MR. HARMON: Where is the Eagle Seven group located?

WITNESS: Chicago.

MR. HARMON: Where is the Fishermen group located?

WITNESS: In Houston, Texas.

MR. HARMON: And where are the Frogmen group located?

WITNESS: In Los Angeles, Orange County.

MR. HARMON: Now, are you part of one of these groups?

WITNESS: Yes, I am.

MR. HARMON: Now, are these groups part of a national organization which exists on the Dark Side?

WITNESS: Yes, I need the diagram.

MR. HARMON: You wrote a diagram on this?

WITNESS: Yes.

MR. HARMON: At our request?

WITNESS: Right.

MR. HARMON: If we can please display that diagram.

Without telling anybody where it is that you fit in in any part of this diagram, would you explain the organization in your own words to the Commission?

WITNESS: It is an assistant leader and the head

man is in direct -- the head man director, as general.

MR. HARMON: Let me start at the top.

Is there one person who is in charge of this organization?

WITNESS: Yes, that is Mr. Ky.

MR. HARMON: Approximately how many people are there in this organization, in your view?

WITNESS: In mine there is 30 to 40.

MR. HARMON: How about nationwide?

WITNESS: Nationwide is more than 1,000 and could be more in the future.

MR. HARMON: Now, is there a way that the organization is controlled from the top?

WITNESS: Yes, by Mr. Ky.

MR. HARMON: And who are the people below Ky?

WITNESS: That is former general.

MR. HARMON: Former generals of what.

WITNESS: Of the South Vietnamese army.

MR. HARMON: And who is below this group of former generals and officers from the Vietnamese army?

WITNESS: They provide the state bosses.

MR. HARMON: There are state bosses in the various states, is that right?

WITNESS: Right, in every state.

MR. HARMON: Is there just one boss in each state?

WITNESS: Could be three or four, maybe more.

Depends on population of each state.

MR. HARMON: And what exists below the bosses?

WITNESS: They have a leader and a leader give permission to the assistant leader. Assistant leader give the permission to the member to do the job.

MR. HARMON: Now, you have received some training before you became a member of this organization, is that right?

WITNESS: Right. Correct.

MR. HARMON: Now, why are you a member of this organization?

WITNESS: They lead you, choose the people who can communicate in English.

MR. HARMON: Do you have a purpose?

WITNESS: Yes. The purpose is anti-communist people who don't like communists.

MR. HARMON: The reason that you're a member of this group is because you hate the communists and you are anti-communist, is that correct?

WITNESS: Yes.

MR. HARMON: Now, does the group, does the organization make money in any way?

WITNESS: They can collect money from different ways.

MR. HARMON: What different ways?

Well, I withdraw that question for a minute.

I would like to address and talk about training which you have received.

Did you receive certain training in Los Angeles along with a group of other people?

WITNESS: Yes.

MR. HARMON: And did that training include instructions on how to kill and how to rob as part of your training?

WITNESS: Yes.

MR. HARMON: Were there other people there from different parts of the country?

WITNESS: Yes.

MR. HARMON: Would you tell the Commission what you were trained for and what you were told about how to kill as part of this organization?

WITNESS: They train before you kill a person they have people like transportation backup.

MR. HARMON: Transportation backup?

WITNESS: Yes, and also the license plates. You can use a mysterious license plate put it on before

MR. HARMON: Were you taught anything about how to use guns?

WITNESS: Yes.

MR. HARMON: Would you tell that to the Commission.

WITNESS: Yes. You take a magazine, the bullet shell, erase the fingerprint and all fingerprint must be cleaned and wear a glove.

MR. HARMON: Wear gloves?

WITNESS: Yes, wear glove.

MR. HARMON: Were you taught anything about wrapping the gun?

WITNESS: Yes, it makes less noise.

MR. HARMON: To make less noise?

WITNESS: Yes.

MR. HARMON: Now, in addition to having been trained in how to kill, were you also trained in how to rob?

WITNESS: Yes.

MR. HARMON: And would you explain what you were told about that?

WITNESS: For example, if you go to rob a Chinese gambling store, you send two or three people inside.

MR. HARMON: Let me stop you for just a minute.

Were you trained in how to rob Chinese gambling

dens?

WITNESS: Yes.

MR. HARMON: Would you tell that to the Commission, please.

WITNESS: First you send people in the gambling store, inside and they fake like playing cards and they have to watch for time until the time and then they send two other guys from outside street and get near the store to point a gun at the guard.

MR. HARMON: Each Chinese gambling den has a guard to protect it?

WITNESS: Yes.

MR. HARMON: Is that correct?

WITNESS: Correct.

MR. HARMON: You were trained to have people enter the game first, is that right?

WITNESS: Right.

MR. HARMON: And there was another team, is that right?

WITNESS: Right. Correct.

MR. HARMON: What was the job of the other team?

WITNESS: You mean inside?

MR. HARMON: Outside.

WITNESS: The outside team is to watch the guard

for any motion and inside to take a gun out to ask for all the money, where they hide the money at.

MR. HARMON: Now, does this organization extort protection money from Vietnamese people?

WITNESS: Yes. Correct.

MR. HARMON: So, you have been trained, is that correct?

WITNESS: Correct.

MR. HARMON: And did you, in turn, train new recruits?

WITNESS: Yes.

MR. HARMON: Did you, in turn, train them as to the things about which you were taught?

WITNESS: Right.

MR. HARMON: Does the organization and members of the organization have access to firearms?

WITNESS: I'm sorry, I don't understand the question.

MR. HARMON: Does the group and members of the group have weapons?

WITNESS: Yes.

MR. HARMON: And I would like to show you this. (Indicating) Is this your weapon?

WITNESS: Yes. Correct.

MR. HARMON: What kind of weapon is that?

WITNESS: That is MAC 10 semi-automatic.

MR. HARMON: I would ask the reporters to sit down.

This is a MAC 10 semi-automatic submachine gun, is that correct?

WITNESS: Yes, that is correct.

MR. HARMON: And did you train the members of your group in the use of this and other weapons?

WITNESS: Yes. Yes, I train my backup using this gun and a regular handgun.

MR. HARMON: Now, has your group begun to deal in narcotic drugs?

WITNESS: Yes, they did. They deal for marijuana, but right now they do not have enough money to get heroin.

MR. HARMON: What about cocaine?

WITNESS: Cocaine, but in the future we can grow stronger and more power and they will get into it.

MR. HARMON: They will get into cocaine and heroin as they get stronger in the future?

WITNESS: Yes.

MR. HARMON: Now, when you refer to Ky as the leader, are you referring to Nguyen Cao Ky?

WITNESS: Yes.

MR. HARMON: So your organization makes money as a result of securing and getting extortion money, is that correct, Mr. Witness?

WITNESS: That's right.

MR. HARMON: Now, do you keep the money?

WITNESS: We keep the money. I give it to the boss, my members get money, give it to the boss.

MR. HARMON: Members get money?

WITNESS: It goes to the state bosses.

MR. HARMON: The money gets passed up to the state boss, correct?

WITNESS: Yes.

MR. HARMON: What is supposed to happen with the money?

WITNESS: They use it to send it back to Vietnam for jungle war and also use the lawyer if they have any problem with the police.

MR. HARMON: So the money, you think, is --

WITNESS: I'm sorry, buy weapon.

MR. HARMON: You think the money is used to buy weapons to help the jungle war in Vietnam for whatever reason, to set up a fund to pay lawyers in case anybody is arrested, is that correct?

WITNESS: Right.

MR. HARMON: Now, you don't really know, do you, what happens with the money after it is passed up to the bosses?

WITNESS: No.

MR. HARMON: Have you ever met General Ky personally?

WITNESS: No.

MR. HARMON: Have you been told by a superior of yours in the organization that he is the leader?

WITNESS: Yes. Yes, that is information everybody should know that.

MR. HARMON: What kind of activities are the Frogmen engaged in in the Los Angeles area?

WITNESS: I'm sorry, your question? Can you repeat?

MR. HARMON: Yes.

What things do the Frogmen do in the Los Angeles area?

WITNESS: (No response.)

MR. HARMON: What kind of activities--I withdraw the question.

WITNESS: You mean by robbery?

MR. HARMON: Right.

WITNESS: Extorting money?

MR. HARMON: Yes.

WITNESS: A grocery store and robbing Chinese establishments, stealing, all kinds of things, narcotics.

MR. HARMON: Where does the name come from, the Frogmen?

WITNESS: The Frogmen is come from Vietnam. It used to be a group of the army. They have been trained for the war.

MR. HARMON: Now, in the city that you are from, is there a Chinese group known as the Hip Sing?

WITNESS: Yes.

MR. HARMON: And they attempted to join with you?

WITNESS: Yes, they were asking but --

MR. HARMON: That is enough.

Now, do you know what a--have you ever heard the term Triad?

WITNESS: I'm sorry.

MR. HARMON: Do you know what a Triad is?

WITNESS: No, I don't.

MR. HARMON: Are you of Chinese heritage yourself?

WITNESS: I am mixed Chinese and Vietnamese.

MR. HARMON: Have you ever heard of the term  
Hok Tse Wooy?

WITNESS: Hok Wei Sui? (ph)

MR. HARMON: Yes.

WITNESS: Yes.

MR. HARMON: What does that mean to you?

WITNESS: That is like the Mafia.

MR. HARMON: I will point out, Commissioner Hope,  
that the term is one well known in the Chinese  
community to describe the black societies and secret  
societies that we have been discussing in the  
Anglicized form as Triad societies.

Have you ever heard of a group known as the 14K?

WITNESS: Yes.

MR. HARMON: Where is the 14K located?

WITNESS: Canada, in Toronto city.

MR. HARMON: Have you ever received information  
that the 14K is moving to Los Angeles?

WITNESS: Yes.

MR. HARMON: What kind of things does the 14K  
do?

WITNESS: They deal in narcotic drugs.

MR. HARMON: They deal in narcotic drugs?

WITNESS: Yes, like marijuana, cocaine, like the

Mafia.

MR. HARMON: What about the gold business?

WITNESS: They are in that, too. Try to get the gold from different countries without paying tax or pay more money.

MR. HARMON: Into the United States?

WITNESS: Yes, like import.

MR. HARMON: Without paying taxes?

WITNESS: Right.

MR. HARMON: Now, where do you get your new members from?

WITNESS: We get from the new refugee arrive.

MR. HARMON: Why do you get your new members from the refugees, the new refugees?

WITNESS: We can support the welfare, like give them a job.

MR. HARMON: So they don't have very much money, right?

WITNESS: Right.

MR. HARMON: And you can help them with that?

WITNESS: Yes.

MR. HARMON: Is that right?

WITNESS: Correct.

MR. HARMON: Now, are you aware of a group

known as the 13 Angel Guard?

WITNESS: Yes. They used to be in Vietnam, they were Chinese people. They were born in Vietnam.

MR. HARMON: And this was a group that existed in Vietnam, is that correct?

WITNESS: Yes, a few are still in Vietnam, but some already arrived on the Island. They will arrive in the United States and Canada.

MR. HARMON: Is the 13 Angel Guard in this country now or do you expect it to come to this country or to Canada in the future?

WITNESS: Yes, they will in the future.

MR. HARMON: Where is the 13 Angel Guard located and organized as of this time?

WITNESS: They are up -- some of them in Vietnam, in refugee camps.

MR. HARMON: Is the 13 Angel Guard, as far as you have been told, the 13 Angel Guard getting protection money from the refugees in the refugee camps at this time?

WITNESS: Yes.

MR. HARMON: Thank you, Mr. Witness.

The members of the Commission, as I told you yesterday, may have certain questions to address

to you and if I could, Commissioner Hope, if there is any particular question, although the Commission has been briefed in advance, if there is any particular question that might compromise or begin to compromise the identity of the witness, I would ask your permission to please make that known to you.

THE CHAIRPERSON: Certainly, Mr. Harmon.

I want to ask the witness these questions.

The chart that you have prepared shows one leader whom you say is Mr. Nguyen Cao Ky, it shows five subordinate leaders directly under him who are generals.

WITNESS: It is not even five, I have just give an example. It is like a general--it is our army.

THE CHAIRPERSON: There are how many, then?

WITNESS: I do not know, 45.

THE CHAIRPERSON: Below them you show state bosses and you show fifteen. Does that mean that your group is in at least fifteen states?

WITNESS: No, in every state is different. It depends on the business in the state so there could be three, four. They could make more power.

THE CHAIRPERSON: How many state of the United States are Vietnamese gangs operating in, to your

knowledge?

WITNESS: Almost in all 50 states.

THE CHAIRPERSON: And do they primarily extort from other Vietnamese or are they moving into other areas which are not Vietnamese?

WITNESS: They have Vietnamese and Chinese people.

THE CHAIRPERSON: Are we ready?

I have one other question about the chart.

At the bottom of the chart it is written, it depends on the population on each state. What depends on the population of each state?

WITNESS: The population of the Vietnamese refugees. In this state, the more Vietnamese, the more people--I mean the more members you can get.

THE CHAIRPERSON: We saw your weapon. How many weapons like that do you think the Vietnamese gangs have in the United States?

WITNESS: I cannot give you the right answer, but not the same gun.

THE CHAIRPERSON: Would you say that there are hundreds of guns, thousand of guns. What would you estimate?

WITNESS: I'm sorry, I can't tell.

THE CHAIRPERSON: Okay, thank you.

Those were all my questions.

Commissioner Sclafani.

COMMISSIONER SCLAFANI: Thank you.

Mr. Witness, you told us that the Vietnamese groups deal mainly in marijuana because you don't have the money yet to deal in cocaine or in heroin, is that right?

WITNESS: Correct.

COMMISSIONER SCLAFANI: Could you tell us what the sources are for that?

MR. HARMON: Without naming any names.

WITNESS: No, I am sorry, I can't tell for my security.

COMMISSIONER SCLAFANI: Can you answer this?

Do you know if those sources are within this country or in or out of this country?

WITNESS: In this country.

COMMISSIONER SCLAFANI: Thank you.

THE CHAIRPERSON: Yes, Commissioner Miller.

COMMISSIONER MILLER: Yes.

Do you get protection from Vietnamese movie theaters?

WITNESS: They are Chinese movie theater. They don't have Vietnamese movie theaters, but they try to collect them--there is a fee from Chinese theater, but in the Chinese theater you have to--so the Vietnamese gang and the Chinese gang is separate so no one goes into territory to cause any trouble.

THE CHAIRPERSON: Are there any other questions?

Thank you, Mr. Witness, for appearing before the Commission.

At this time, we will take a five minute recess.

(Whereupon, a short recess was taken.)

THE CHAIRPERSON: Will everybody take their seats, please. We are ready to resume.

Mr. Harmon, call your next witness.

UNIDENTIFIED WITNESS ("MRS. LEE")

MR. HARMON: Yes, the Deputy Executive Director, Rodney Smith, will question the next witness and introduce that witness.

The witness will be sworn.

T H E     W I T N E S S ,     having been first duly sworn by the Marshal, testified as follows:

MR. SMITH: Madam Chairlady, for reasons that will become clear during the course of this testimony,

there are serious concerns for her safety and wellbeing.

For that reason, neither her true name, residence or any other data will be disclosed publicly.

For purposes of this hearing she will be referred to as Mrs. Lee.

How old are you, Mrs. Lee?

MRS. LEE: I am 45.

MR. SMITH: Do you currently live here in the United States?

MRS. LEE: Yes, sir.

MR. SMITH: How long have you lived here?

MRS. LEE: Nine years and a half now, since '75.

MR. SMITH: Where did you live prior to that?

MRS. LEE: Some other city in the United States.

MR. SMITH: I'm sorry, I didn't understand your answer.

Where did you live prior to coming to the United States?

MRS. LEE: I don't understand. What did you say?

MR. SMITH: Where did you live before you came to the United States?

MRS. LEE: I lived in Fort Chaffee in a refugee camp to look for sponsor to some city.

MR. SMITH: Before you came to the United

States, where did you live?

MRS. LEE: I live in Vietnam.

MR. SMITH: South Vietnam?

MRS. LEE: Yes.

MR. SMITH: At the time that you came to the United States, were you married?

MRS. LEE: Yes.

MR. SMITH: How long have you been married?

MRS. LEE: Twelve years.

MR. SMITH: How many children do you have?

MRS. LEE: We have ten, six for first marriage and we have four together.

MR. SMITH: What was your husband's job in Vietnam before you came to the United States?

MRS. LEE: He was reporter a long time.

MR. SMITH: What job did your husband have when you first came to this country?

MRS. LEE: Kind of small job with small pay. After a few years and with luck, he got the job with a doctor.

MR. SMITH: After you came to the United States, did your husband do any further reporting or writing or publishing?

MRS. LEE: He did. He was a kind of an

investigative reporter and sports reporter. He wrote a lot of articles about corruption.

MR. SMITH: Had he written about corruption in Vietnam?

MRS. LEE: Yes.

MR. SMITH: How often did your husband put out his newspaper?

MRS. LEE: What do you mean? I don't understand.

MR. SMITH: How frequently was your husband's newspaper published?

MRS. LEE: When we come in here about--when we have everything, he got a newspaper and the first 1981.

MR. SMITH: And how often did he publish that?

MRS. LEE: Every twice a month.

MR. SMITH: For whom was that newspaper intended?

MRS. LEE: For the Vietnamese community.

MR. SMITH: And how many Vietnamese people, approximately, live in the American city where you live?

MRS. LEE: About 30,000.

MR. SMITH: How did your husband distribute his newspaper?

MRS. LEE: He put them in the stores, and the grocery store or some restaurants around the city and

sometimes he send to another state.

MR. SMITH: What was the approximate circulation of that newspaper?

MRS. LEE: About 10,000 at a time.

MR. SMITH: And did it include in it occasionally the same sort of investigative reporting that your husband had done in Vietnam?

MRS. LEE: That is what he wanted to do.

MR. SMITH: Now, did there come a time when your husband wrote a particular story that upset many people?

MRS. LEE: Yes, he wrote some article, I believe that upset many people.

MR. SMITH: Do you remember the first such story?

MRS. LEE: I recall some article he writing about, some kind of a group of people tried to collect money from the Vietnamese people to form a group ambushing and a certain article he wrote about some young man tried to go around the community, Vietnamese community, that he can give if somebody have relative from Vietnam, the relative come reunite with them and you understand they have to pay him about \$3,000 to \$10,000, to bring the relative from Vietnam to the United States.

And my husband criticized this man and it is

untrue to do that, there is a way to do it and he want to aware the Vietnamese people that don't let the man use them. In the article he seriously criticized some group claim they are "resist" people and they try to collect the money, put the box in some store, grocery store so they can collect some money and buy the weapon to send it back to Vietnam and my husband believe that way they, the --

MR. SMITH: Your husband's newspaper reported that these various efforts to obtain money in the Vietnamese community were false claims?

MRS. LEE: Yes.

MR. SMITH: And isn't it true, for example, that at that time that one person or one group of people were taking money from the Vietnamese to arrange the transport of --

MRS. LEE: Oh, yes, I remember that.

MR. SMITH: Isn't it true that when these claims that reunions could be made, that there was no way that people could get out of Vietnam?

MRS. LEE: That's right.

MR. SMITH: Now, in fact, were some of these articles about the various fraudulent schemes prompted by actual victims who came to your husband

and told them how they lost money?

MRS. LEE: Yes. They gave money and they never have a relative brought back from Vietnam to reunite.

MR. SMITH: Mrs. Lee, isn't it true in Vietnamese communities where you live, people are very reluctant or unwilling to go to the police?

MRS. LEE: Yes, I think so. They are afraid and they cannot communicate too good and secondly, they are afraid that if something happen to them when the police come by it is already too late and they're scared.

MR. SMITH: Are there any Vietnamese police officers in the community where you live?

MRS. LEE: I don't think so where I live right now.

MR. SMITH: Isn't it true that your husband told his readers that if they didn't wish to go to the police they should come to him?

MRS. LEE: Yes, he did.

MR. SMITH: Do you remember when your husband published his last article about these schemes to defraud and extort money? When did he publish the last one?

MRS. LEE: About the first of August '82.

MR. SMITH: And at this time that he published his last article, do you remember your husband telling you in a private conversation that he was very concerned about gangs that were doing this?

MRS. LEE: Yes, he told me that he heard and he even know these problems in the community. Some businessman talked to him about it.

MR. SMITH: He went to talk to businessmen in the community about the gangs?

MRS. LEE: Some businessman told him about he got problem with them, they come by and said, we need protection, lend him some money, something like that.

MR. SMITH: And after he talked to these businessmen, did your husband tell you he intended to publish further articles about these activities?

MRS. LEE: He did. He said he will write some articles about it.

MR. SMITH: And did he ever publish such articles?

MRS. LEE: Never. He never have a chance.

MR. SMITH: Why is that?

MRS. LEE: They murdered him.

MR. SMITH: When was your husband murdered?

MRS. LEE: The afternoon of August 24, 1982.

MR. SMITH: How was your husband murdered?

MRS. LEE: He was 49 this year.

MR. SMITH: How was he killed?

MRS. LEE: How old?

MR. SMITH: How was he killed?

MRS. LEE: Oh, somebody come right when he working and shot him to death.

MR. SMITH: Prior to the time that your husband was murdered, did he tell you that he had received threats on his life?

MRS. LEE: Yes.

MR. SMITH: Did any of your children also hear such threats?

MRS. LEE: Yes, when they pick up the phone, somebody call and ask for the father and they say tell your father that stay away from our businesses or he is going to be sorry for what he did.

MR. SMITH: Did these threats trouble your husband?

MRS. LEE: Yes.

MR. SMITH: What did he tell you about them?

MRS. LEE: I think for the time he doesn't want me to worry because I'm so concern and worry about something real bad could happen to him.

But, he said that he should do whatever conscience -- what a journalist need to do and beside he put his life in the hand of God and he not be afraid about anything.

MR. SMITH: Mrs. Lee, did the police come and investigate your husband's murder?

MRS. LEE: Yes.

MR. SMITH: And did they find something next to his body?

MRS. LEE: They told me they found something at the scene by mistake or I don't know, but in this envelope a so-called hit list and my husband was on the top of the hit list with another four men got to be murdered.

MR. SMITH: And the other people on this hit list, were they also journalists?

MRS. LEE: Yes.

MR. SMITH: Madam Chairman, I would like to submit for the record a copy of the list to which the witness has just referred. It has been obtained by the Police Department that conducted the investigation.

I have the original list in Vietnamese and the English language translation which I will submit

together and note for the record in light of the previous testimony today concerning the anti-communist front and Black Side of the gangs under examination here that the hit list discovered next to the witness' murdered husband purports to come from the "Vietnamese party for the annihilation of Communism and for national restoration." It is entitled "Judgment" and purports to reflect a judgment of death to "The most dangerous Vietnamese traitors and communists," five publishers of Vietnamese newspapers from coast to coast in this country.

THE CHAIRPERSON: Thank you.

We will receive it into the record.

Have any of the other people on that list been threatened or have any of them been killed?

MR. SMITH: We are able to determine that of the five individuals whose names appear on the hit list, one was killed, and two others were firebombed at their residence, although they themselves were not killed, that each incident occurred up to and including the date that the list was discovered with the witness' husband, and following the discovery by the police the attacks ceased.

In addition, I would like to note for the record that our investigation has disclosed at least two other Vietnamese language journalists, although not on the hit list, have been either assaulted as a result of their work or firebombed.

Mrs. Lee, is it true that as a Vietnamese custom, that friends of a person who dies have a very heavy obligation to attend his funeral?

MRS. LEE: Yes.

MR. SMITH: And did your husband's many friends in the community attend his funeral?

MRS. LEE: Yes, but some of them after the funeral when I met them, a young man, a friend of my children, they come by and said I'm sorry that I could not come to pay my respects and send sympathy with you because my father has his own business and so I just couldn't come.

MR. SMITH: He did not come to the funeral?

MRS. LEE: Yes.

MR. SMITH: Have the police solved the murder of your husband?

MRS. LEE: Until now, I don't think so.

MR. SMITH: Earlier today, Mrs. Lee, we heard testimony from a police officer about the Vietnamese

people in this country tend to stay in their own communities even though conditions are sometimes very hard for them.

Have you stayed in the community, in the same community where you lived with your husband and where he was murdered?

MRS. LEE: Yes.

MR. SMITH: Mrs. Lee, isn't it true that you have requested because you are currently residing in that community and you don't wish your face and name to be known or published in current newspapers, that you have requested the security precautions that we see here?

MRS. LEE: Yes.

MR. SMITH: Madam Chairlady, I have no further questions. The witness is available for the Commissioners' questions.

THE CHAIRPERSON: Do any Commissioners have questions of Mrs. Lee?

Commissioner Brewer.

COMMISSIONER BREWER: Mrs. Lee, what is the general feeling of the Vietnamese community about the ability of American law enforcement to protect people who come forward and report crimes?

MRS. LEE: Would you please explain it, what you want to ask me about because I don't quite understand.

COMMISSIONER BREWER: Do you feel that the American police can protect people who come to the police to report crimes and cooperate with police?

MRS. LEE: Oh, I believe so if they come to them, they will do something for them. I mean they can protect them.

COMMISSIONER BREWER: Thank you.

THE CHAIRPERSON: Commissioner Sclafani.

COMMISSIONER SCLAFANI: Thank you.

Mrs. Lee, we all want to thank you very much for being here today.

Let me ask you this. Since the death of your husband, have any other Vietnamese journalists in your community published any articles that would more or less expose any other schemes against the people in your community?

MRS. LEE: No, I don't think so.

COMMISSIONER SCLAFANI: Thank you.

THE CHAIRPERSON: Commissioner Methvin.

COMMISSIONER METHVIN: Mrs. Lee, were you and your family questioned by the Federal Bureau of

Investigation people after the murder of your husband?  
Did the Federal Government investigate the crime?

MRS. LEE: Sir, I don't know. I can only keep contact with the local police Department and I don't see any federal contact with me.

COMMISSIONER METHVIN: I would just like to make a point as a non-lawyer, but with some familiarity with the history of civil rights in this country and legislation.

I can't understand why the 1971 Civil Rights Statute as interpreted by the Supreme Court doesn't apply to this case. It is a clear deprivation of civil rights and in the exercise of the First Amendment. I think under the Gess case it would be a clear federal violation.

THE CHAIRPERSON: Since there are no other questions, Mrs. Lee, thank you very much for coming. We appreciate your testimony.

MR. SMITH: Thank you, Mrs. Lee.

COMMISSIONER ROGOVIN: We might have the Executive Director inquire of the United States Department of Justice and any other relevant agencies whether an investigation of the type that Commissioner Methvin suggested could have been

undertaken, was in fact undertaken.

THE CHAIRPERSON: I think that is an excellent idea.

MR. HARMON. I will take up that inquiry and report back to the Commission with an answer to that question.

THE CHAIRPERSON: Are you prepared to call your next witness?

UNIDENTIFIED WITNESS

MR. HARMON: Again, Commissioner Hope, Deputy Executive Director Rod Smith will handle the next witness.

T H E     W I T N E S S ,     having been first duly sworn by the Marshal, testified as follows:

MR. SMITH: I would like to note for the record that the witness has been sworn and that this witness as with the preceding witnesses will not use his true name or his true residence. Steps have been taken to conceal his identity and has adopted the name Mr. Truong.

How old are you?

WITNESS: I am 38 years old.

MR. SMITH: Where were you born?

WITNESS: I born in North Vietnam.

MR. SMITH: And do you live in this country now?

WITNESS: Yes, I am living in United States right now.

MR. SMITH: When did you come to the United States?

WITNESS: I came to the United States on 1975.

MR. SMITH: What was your occupation in Vietnam?

WITNESS: Well, when I was in Vietnam, I work as a news person and I have news-related agency.

MR. SMITH: You work for a United States Agency in Vietnam?

WITNESS: I work for American news agency in Vietnam.

MR. SMITH: What work did you find when you came to United States?

WITNESS: When I came to the United States, I work for one American private firm.

MR. SMITH: Did you have any desire to continue being a journalist?

WITNESS: I really want to be in the news because I think that is my career.

MR. SMITH: That is your career?

WITNESS: It is, right.

MR. SMITH: At anytime since you came to this

country, did you actually become involved in journalism again?

WITNESS: When I came to this country I was involved in the news by permission, one weekly newspaper magazine.

MR. SMITH: Weekly news magazine?

WITNESS: Yes, sir.

MR. SMITH: And was that in Vietnamese?

WITNESS: Yes, sir.

MR. SMITH: It was for the Vietnamese community?

WITNESS: Yes, sir.

MR. SMITH: How large is the Vietnamese community where you live?

WITNESS: The Vietnamese community by the time it has grown to about 80,000 persons.

MR. SMITH: What sort of information did your weekly Vietnamese news magazine contain?

WITNESS: The information on my newspaper in regard to everything happens in the United States that we might need to know when they get into American society.

MR. SMITH: Did it also contain matters of Vietnamese information from the community itself?

WITNESS: Also everything happen in our own

community.

MR. SMITH: How did you distribute your news magazine?

WITNESS: My magazine has been displayed in Vietnamese market, supermarket, restaurant and all public place in the community.

MR. SMITH: Approximately what was its circulation?

WITNESS: Circulation about 15,000 circulation.

MR. SMITH: From what sources did you obtain the information that you printed?

WITNESS: We need help from American news, you know, press, publishers in the United States. We translate it most of the news from America press, so the Vietnamese can understand what happened.

MR. SMITH: So you took American language articles and translated them into Vietnamese and republished them for your Vietnamese community?

WITNESS: Not all of them, but we have our own writing, some news from American news, some we got from our own investigators.

MR. SMITH: How long were you personally involved in the publication of this weekly news magazine?

WITNESS: About a few months ago.

MR. SMITH: How long were you involved in the publication altogether from start to finish?

WITNESS: I got about four or five months. I don't understand the question.

MR. SMITH: From the time you started with that publication, until you finished, how long were you in that job?

WITNESS: If I could recall about six, seven months.

MR. SMITH: During the time that you were involved with that publication, was there organized criminal activity in your Vietnamese community?

WITNESS: Yes, it happen in our community. They are organized, can I put it this way. They are active in the crime happening community.

MR. SMITH: What type of crime?

WITNESS: I believe it was in organized crime, gambling.

MR. SMITH: What sort of things did they do?

WITNESS: They did extortion, robbery, gambling, murdering in the community.

MR. SMITH: And you still live in that community today, don't you?

WITNESS: Yes, I am.

MR. SMITH: And are these things still going on in that community today?

WITNESS: I still strongly believe it is still going on, it still happens now.

MR. SMITH: How many gangs are there in the community where you live?

WITNESS: We have strong gang.

MR. SMITH: Is this one strong gang well known in the community?

WITNESS: Strong gang well known in the community.

MR. SMITH: Are there any former Vietnamese military men associated with that gang?

WITNESS: I believe there are some military involved in that gang.

MR. SMITH: To your knowledge, do the victims of these crimes ordinarily go to the police?

WITNESS: I don't see anybody go directly to the police or indirectly to the police because they are fear of retaliation and rejection.

MR. SMITH: Are there any Vietnamese police in your community?

WITNESS: Fortunately not any Vietnamese either local or in local government.

MR. SMITH: Are many of the members of the gang well known to the community?

WITNESS: Yes, members of the gangs, associates -- they are known in the community.

MR. SMITH: Is it common for gangs such as this to call themselves anti-Communists?

WITNESS: They are not anti-Communists, they're just a gang.

MR. SMITH: But do they call themselves anti-Communists?

WITNESS: They use the word to influence the community that they are --

MR. SMITH: But in fact they're not anti-Communist?

WITNESS: They are not anti-Communists.

MR. SMITH: Do the members of the gang in your community have any source of income other than the criminal activities?

WITNESS: Could you back up the question again?

MR. SMITH: Do the members of the gang in your community have any source of income other than their crime?

WITNESS: They don't have any source, just come from crime, extortion money.

MR. SMITH: Mr. Truong, during the time you were involved in your weekly magazine, did you work on this gang activity?

WITNESS: I did write about the gang's activity.

MR. SMITH: Were they published in a magazine?

WITNESS: It was published in a magazine, yes.

MR. SMITH: Was your name associated with those articles in some way?

WITNESS: Yes, my name associated with them.

MR. SMITH: And after those articles were published, did anything happen to you?

WITNESS: I had received threats.

MR. SMITH: What type of threats?

WITNESS: First of all by calls and they tried to murder me twice.

MR. SMITH: When you say they tried to murder you twice, did you see the people who assaulted you on both occasions?

WITNESS: Yes, I recognized them in both cases.

MR. SMITH: Were they members of the gang about which you had written?

WITNESS: Definitely they are members of the gang in the community.

MR. SMITH: And on both instances did these

people call you by name?

WITNESS: Yes, they called me by name before they attacked.

MR. SMITH: And on both instances were they armed with guns?

WITNESS: They're all armed with guns, yes.

MR. SMITH: And the time that has passed since these incidents, do you have reason to believe that their identities have become known to the police?

WITNESS: Yes, identity has been known to the police.

MR. SMITH: At this time is anyone in jail for the attacks on you?

WITNESS: Not in jail, they are on the street.

MR. SMITH: Is that why you're concerned for your safety at this time?

WITNESS: It is part of the reason I am wearing a mask right now because I fear at anytime they will assault.

MR. SMITH: Are the men who assaulted you still active with the gang?

WITNESS: They are more sophisticated right now and they become--they become, I could say better organized.

MR. SMITH: And the men who assaulted you, who attacked you, have they actually risen in the gang since those attacks?

WITNESS: (No response.)

MR. SMITH: Some of them?

WITNESS: Yes, some of them.

MR. SMITH: After these attacks on you, did you continue publishing this magazine?

WITNESS: I just go ahead for a few more issues, wait for the law enforcement to take action to protect all the newsmen like me, but so far I didn't feel secure with law enforcement but I have to stop publishing the paper.

MR. SMITH: That publication is not printed any more, is that right?

WITNESS: It is no more.

MR. SMITH: Would you like to continue in journalist if certain guarantees of your safety could be made to you?

WITNESS: If I am guarantee for safety made to me, I think that is my career. I would like to go back, but right now I strongly still feel retaliation and revenge from those gangs.

MR. SMITH: Do you see the necessary changes in

element.

It also seems that these "gangsters", as they like to be called, like their predecessors, have the ability to strike fear in the Vietnamese community as a whole. A recent group uncovered by the Police Department had a core of approximately nine members. They were involved in several crimes locally, auto theft, burglary, residential armed robbery, extortion.

This same group is found to be active in the same crimes in Houston. Although they were arrested for several of these robberies, prosecution has been made very difficult if not impossible by the victim's refusal to identify or appear in court.

Thank you.

THE CHAIRPERSON: Does that complete your statement?

MR. ADAIR: Yes.

THE CHAIRPERSON: I have a couple of questions, Lieutenant.

The first is we have seen the case of the Chinese Triads and in the case of Yakuza in Japan a very definite organizational structure with bosses at the top and various tiers of workers under them.

Is there such an organizational structure in

the community, the changes that would be necessary to make them feel safer, do you see them coming?

WITNESS: I definitely see the change in the community, that the community has more confidence in law enforcement which is they are United States, they become U. S. citizen, but I still feel a gang like that start in the community and if something happen if they cannot trust the law enforcement in the United States so the gang can in murdering still continue. It happen in the community.

MR. SMITH: Mr. Truong, so far up to this point today, have you seen any evidence that these necessary changes to make you and others less afraid are happening?

WITNESS: No direct evidence that I can see so far until today have been changed to given more security to my community.

MR. SMITH: Madam Chairman, that concludes my questioning. The witness is available for questioning.

Do any of the Commissioners have questions?

COMMISSIONER SCLAFANI: Thank you for being with us today.

Let me ask you, can you tell us the nature of

your story that you published?

MR. SMITH: Commissioner Sclafani, if I may, virtually every detail, precise number and topics and so on have been disguised intentionally for protection of the witness and I want to make it perfectly clear that the assailant in one of these instances is known to the police by name and is at liberty today in the witness' community.

COMMISSIONER SCLAFANI: Did you identify certain people in your article without giving us any names when you published the story?

WITNESS: Could you repeat the question?

COMMISSIONER SCLAFANI: Yes, did you name names in your story without telling us who those names were, just yes or no.

WITNESS: I cannot answer the specific question because if I go to specific question in my community and I strongly believe they are going to --

MR. SMITH: I would like to note for the record, and your interest that in addition to the briefing, contained in the Commissioner's briefing book, additional details can be provided to you in Executive Session.

COMMISSIONER METHVIN: I would just like to

follow up again the point I made earlier and actually stop to give us the Justice Department Civil Rights Liberty as to whether the Federal Civil Rights statute, I believe it is Title 18, doesn't apply to these cases and why there hasn't been a Federal investigation of what is a clear cut conspiracy to deny Federal Constitutional rights for the exercise of freedom of the press.

THE CHAIRPERSON: We will follow up on that.

Since there are no more questions of the witness, we express our appreciation for your courage.

COMMISSIONER METHVIN: We would just like to say to the witness that you are sitting here in New York just a few blocks from where 251 years ago John Peter Zenger established freedom of the press in American history and world history, and I don't think that this country today is yet going to give up on that and the Vietnamese who are coming here now and becoming United States citizens are going to be protected and I think you will have your free Vietnamese American newspaper.

I would just like to ask one question and that is whether this witness has applied to be a United

States citizen?

Would that identify you if you answer that?

WITNESS: That will identify me.

COMMISSIONER METHVIN: Don't answer it then.

But, it is quite clear that you are being assimilated in this country and I think we have to make the Bill of Rights available and a living reality in the Vietnamese community as well.

WITNESS: I thank you, Mr. Commissioner.

THE CHAIRPERSON: Thank you very much, Mr.

Witness.

Call your next witness.

MR. HARMON: Will the law enforcement panel please come forward.

JACK WILLOUGHBY, ROBERT CASEY, JERRY ELLIS,

DONALD SAVIERS, JAMES BADEY

JACK WILLOUGHBY, ROBERT CASEY,

JERRY ELLIS, DONALD SAVIERS,

JAMES BADEY, members of the Law Enforcement panel, having been first duly sworn by the Marshal, testified as follows:

THE CHAIRPERSON: I want to thank you for appearing before the Organized Crime Commission today.

I have asked our Chief Counsel to ask you

to direct your attention to the meat of your testimony here so that the Commissioners will have an opportunity to question you.

We are running a little bit late and we do want to have the full benefit of your presentation. So, if you can just go directly to the most central point, I think all of us will benefit.

MR. HARMON: In following on what Commissioner Hope says, and with the permission of Commissioner Hope, I would ask Deputy Counsel Thomas McNulty to go directly to the point so that you will have the opportunity to engage in an exchange with members of the Commission so that the Commission can address whatever concerns might be presented in your community.

MR. MC NULTY: Thank you.

First, I would like to introduce the panel that is assembled here today. From left to right, Sergeant Jack Willoughy, of the New Orleans, Louisiana Police Department, who has investigated Vietnamese crimes since 1983.

Next, Officer Robert Casey, who has been with the Houston, Texas Police Department in the Criminal Intelligence Division since 1981.

Seated to his right, Sergeant Jerry Ellis who also serves with the Houston Police Department. He has been investigating crime in the Vietnamese community since 1982.

Captain Donald Saviers, who has twenty-five years of service with the Westminister, California Police Department. He has devoted his efforts to development of information on Vietnamese criminal groups since 1975.

Last, Detective James Badey, Arlington County, Virginia Police Department. He has been conducting investigations of Vietnamese criminal groups in his area since 1983.

First, Sergeant Willoughby, would you please offer your comments to the Commission on the structure and organization of Vietnamese criminal groups, and if you have received indications of communications or cooperations between leaders in distinct geographic areas in the United States.

MR. WILLOUGHBY: In New Orleans, the Vietnamese criminal groups deal with extortion, smuggling, gambling, prostitution and narcotics. In terms of the structural organization of Vietnamese criminal groups, we have seen mid-level management type persons that

we have termed "leaders." These leaders typically have several "associates" working below them. These would be the people who live in the community and stay in the community.

Underneath them would be five to fifty teenagers, fourteen to twenty-two years of age. This group is extremely mobile. They travel from one end of the country to the other, and they move in and out.

They have no extreme loyalties in the community. They work for the leader or for the leader's associates, very seldom directly. They commit crimes of extortion, gambling and various violent acts, but few violent acts against the community.

MR. HARMON: Could you please speak up?

MR. WILLOUGHBY: We have source information that there is a great deal of lateral movement and lateral communication between New Orleans, Houston, California and Washington, D.C. and the Arlington, Virginia area.

This lateral communication is fairly constant-- the leader in New Orleans with the leaders in Houston and the leader in Arlington and leader in California.

We have no definite information that there is

a boss or bosses over these various groups.

If you were to draw organizational charts in these various criminal groups, what would be missing in this chart would be the top block of the chart. That is one of the things that myself and other people who have worked in this area are trying to determine.

MR. MC NULTY: I would ask you to identify the number of gangs that are known in your community and, if possible, the number of members.

MR. WILLOUGHBY: As I said, my main concern is the gambling and extortion businesses and related crimes.

I might explain there are only two main Vietnamese settlement areas in New Orleans. One area has six to eight thousand Vietnamese people, and on the west bank of the Mississippi River there are approximately 2,000-2,500 Vietnamese.

There would be different gangs in each community, but the communication between these gangs and the number of people in the gangs change greatly except for a small handful of people who leave the gang, and their established families. The same is true on the west bank of New Orleans.

The gang members, the young group can differ from fifteen to fifty members. They might one day work in New Orleans and the next day they would be in Houston. It is the same people and they are extremely mobile.

MR. MC NULTY: Detective Casey, have you identified Vietnamese criminal groups in your community?

MR. CASEY: We have identified two criminal groups that are active at this time--

THE CHAIRPERSON: Would you speak up?

MR. CASEY: --who have taken on a loose configuration of a gang structure. The first of these groups has declined in numbers within the last three years with some prosecutions that have been initiated. That is the situation at this point.

The second group, I believe, is going to be damaged by the death of a couple of members, both of which were homicides in the last couple of years.

MR. MC NULTY: Thank you.

Captain Saviers, in Westminster, California, have you identified criminal gangs of Vietnamese origin?

MR. SAVIERS: The major groups that were

mentioned before as being extremely mobile and being very difficult at times to identify vary in actual numbers and names.

The appearance to us is that gang members are frequently changing allegiances, if you call it that, from one group to another and moving on to a new jurisdiction quite rapidly.

That would finish my statement unless you would like me to repeat it.

COMMISSIONER ROGOVIN: Would you repeat the last statement about the numbers moving?

MR. SAVIERS: The groups are extremely mobile and they do tend to move quite frequently, making it difficult to continually keep track of names and numbers.

MR. MC NULTY: Detective Badey, can you identify Vietnamese criminal groups in the Arlington, Virginia community and surrounding area?

MR. BADEY: I can positively identify one closely knit group of people in Arlington and I can also identify a group that has been --

THE CHAIRPERSON: We are having trouble hearing you.

MR. HARMON: The problem may be not with the

witness, but with the microphone.

MR. BADEY: Repeating from the beginning.

I have been able to identify one loosely knit group in Arlington. Its leader is an individual who is only a leader by charisma, personality. I have been able to identify another group, a Louisiana based group, that travelled from Texas and Louisiana up to Arlington. They committed some serious crimes and returned to their area.

MR. HARMON: Thank you.

Commissioner Hope, the witnesses are available for questions from the Commission.

THE CHAIRPERSON: We have been inquiring with all our witnesses here whether there are Vietnamese police officers and in testimony yesterday from the Chief of Monterey, California Police Department, he actually went out and actively recruited Oriental police officers, not Vietnamese, but Chinese and Japanese officers to handle the problems he has with the emerging Oriental groups.

Do any of you gentlemen have a program to recruit them or have they already been recruited to move into your Police Department?

Please go forward, Sergeant Ellis.

MR. ELLIS: At this time we presently have three Vietnamese individuals who are in the Cadet Academy class being trained to be police officers.

In the past two years, they have been actively recruited through the Department and through Vietnamese--in the Vietnamese community.

Many have been interviewed and the final result at this time is the three that are in the Academy, they just started their training.

We do not know how they would be able to work out in the community.

THE CHAIRPERSON: Yes, sir.

MR. BADEY: In Arlington, Virginia, we had a program, and we went out and attempted to recruit Vietnamese to be policemen. We found none qualified.

Secondly, it is a very difficult thing for a person who has been here for a very short time. A culture which is entirely different from them and whose own people have a different perception of the police as you and I have. It is a very difficult and sensitive matter.

THE CHAIRPERSON: I appreciate that, but I think you would agree with me that if you want to have effective law enforcement in these groups you need the

cooperation of the police, and I don't mean the organized crime group, but of the Vietnamese community that is law-abiding.

We have heard testimony today that they do not go to the police, they don't trust the police and they don't understand the police.

So, I think that type of communication has not been established.

Anyone else?

MR. SAVIERS: I would like to make one comment.

In California, we are governed by a standard of training that we have used for a number of years. Our recruitment efforts have gone to the colleges and a number of different levels, to go and find people who would assist in the community.

The second problem that we have in finding the right policemen is that they do not want to be policemen. The ones who would normally qualify prefer to be attorneys, engineers.

Consequently, our particular profession is not attractive to them.

THE CHAIRPERSON: Commissioner Rogovin.

COMMISSIONER ROGOVIN: Rather than launching into the recruitment for the police, we have been

through this. I want to turn to the Sergeant from New Orleans, the Captain and I think the man from Arlington County.

I get a sense that you're saying that they are mobile, not just amongst the leadership, but amongst what we would call a line of personnel.

Vietnamese are moving from one jurisdiction to another committing crimes in that second or other jurisdiction.

First, am I correct in understanding what you said?

MR. BADEY: Yes, sir.

COMMISSIONER ROGOVIN: Is it then true that the leader in your jurisdiction, which would be the City or County of Virginia, authorizes criminals from another jurisdiction to come and commit crime in your community, or are they coming in unauthorized to commit crime?

Do you have the sense of my question?

MR. BADEY: I have the sense, but I truly wish I had the answer.

COMMISSIONER ROGOVIN: What is interesting and concerns me, is traditional organized crime, La Cosa Nostra members, do go from their home

jurisdiction and again engage in criminal activities without authorization.

If it was your suggestion then it is consistent with what Mr. Goldstock testified to earlier in terms of similarity.

If, on the other hand, these are free-wheeling bandits moving from jurisdiction to jurisdiction, could I ask the Sergeant from New Orleans what his view is?

MR. WILLOUGHBY: Let me give you an example.

If two line personnel, street level, came from Arlington, Virginia to New Orleans they would be warmly welcomed in the organization in New Orleans.

They would be protected if they wanted and they would be put in a safe house. They would be allowed to associate with other personnel, street hoods, and they would begin to appear in Vietnamese restaurants, Vietnamese bars.

They would be known and feared by members of the Vietnamese community as if they had committed the crime in New Orleans.

If the police did know who they were, if they thought there was a possibility that the police were after them, they would possibly go to Orange County

or Houston. The leaders have little loyalty to those people, while they have full loyalty to the leaders-- whether they're used as runners, whatever.

COMMISSIONER ROGOVIN: Thank you, sir.

THE CHAIRPERSON: Yes, Commissioner Sclafani.

COMMISSIONER SCLAFANI: Thank you.

Officer Casey, I believe you mentioned that in the last few years you dealt very successfully with these organized crime gangs, is that right?

MR. CASEY: Yes.

COMMISSIONER SCLAFANI: Can you explain that?

MR. CASEY: The Police Department, namely the Homicide Division, and certain other investigating divisions, identified and obtained information on members.

In this particular group, we were able to work with several specialized units of the Police Department to develop complaints. In some cases there were felony cases, where Vietnamese were victimized by these members and we were able to initiate prosecution.

But, it was done with the targeting.

I might also add that earlier this summer we had the situation where we had a group of gangs, younger males

who we received some information from California authorities that they were possibly headed our way and we obtained some forty photographs, mug shots, of these individuals and through very intensive intelligence gathering, coordination, in three weeks, we were able to -- we were able to get a string of home robberies by multiple suspects and ended up busting that gang to pieces and charged multiple felonies. Charged seven suspects, and the robberies in that particular town ceased at that time.

COMMISSIONER SCLAFANI: I take it that that was the result of interstate law enforcement intelligence coordination, is that correct?

MR. CASEY: Exactly.

THE CHAIRPERSON: Commissioner Brewer.

COMMISSIONER BREWER: I would like to follow up on that.

You said there is communication taking place between your different departments with Vietnamese problems.

MR. CASEY: Not as formally as we would like it. It is the investigators that have the responsibility to go into that, but there is an increasing communication.

COMMISSIONER BREWER: What would you like to see that would enhance your ability to communicate between local enforcement agencies in order to keep track of the movement of these gangs? Would anyone like to respond to that?

MR. SAVIERS: I believe that we're all pretty much in agreement on the panel here, that the need for this is quite evident and what we would hope to achieve would be to develop a more obvious type of communication system. One which would provide us with the same basic mobility that the members of the gang that we are dealing with have.

It would be to our advantage to have instantaneous direct information to any one of our agencies that are involved in this type of activity. And to also keep abreast of not only the problems that are occurring in the other parts of the country, but also in the possible solutions that some of us have achieved and share in those also.

We need several things. I think one of the things that we've looked at over the past years are what would benefit us most.

On the Federal level, I think what we need is to be able to obtain and share the information that may

be held by some of the Federal agencies. When I speak of that I refer to such agencies as the IRS. (The witness here held up a gold seal.) These gold seals are extremely fluid currency in Southeast Asia. They pose problems to us.

They're easily secreted, and easy to hide. They are easy to transfer, coupled with monetary transfers that occur in our community.

We feel we need IRS assistance in trying to track some of the money and the gold; that would be traded in the community. The people do not normally trust banks to maintain their cash for them. They keep these things secret.

We need to be able to discuss with the other Federal level intelligence agencies, such as the FBI, any information they may be able to provide of these particular people we are interested in.

We need better contact with INS. We need to be able to determine a little more history, a little bit more about these people that we are dealing with.

And lastly, since March of 1983, I have been working with the California Department of Justice on the largest single medical fraud case that ever

occurred.

In our investigation, we relied heavily on the use of a confidential informant. The main problem, once we located the informant, was to protect him. We need to have an easier way of getting informants into the Federal Witness Protection Program.

I think those are some of the concerns we would like to see developed.

MR. SAVIERS: The information we are aiming for is on a hit and miss basis. Basically, what we are working on are friendships, calling around to departments that we have heard are having the same kind of problems that we are.

Occasionally we hit somebody that is working in the same area and it is just the process of having to call up every once in a while and saying, "Hey, what is going on right now", and receiving some information that might be of interest.

We have no formalized method of doing it. We have no formalized way of receiving this information.

THE CHAIRPERSON: Commissioner Methvin.

COMMISSIONER METHVIN: I would like to repeat a point I made earlier.

I would like to ask you a question, and that is the United States did up until 1975 operate a national police academy. We had great liaison and a lot of training with the Vietnamese police.

I wonder if any of the recruiting efforts included attempting to locate Vietnamese police officers among the 600,000 Vietnamese refugees?

MR. BADEY: We have had one applicant, and as I say, he did not make the qualifications. He both physically and mentally and everything else did not make it.

COMMISSIONER METHVIN: You had one who applied. Has there been any outreach for these men who have law enforcement experience and are now punching cash registers? Would you like to respond to that?

MR. WILLOUGHBY: You heard the Vietnamese witnesses talk about the fear the community has of the police. With all due respect, who the hell do you people think they are afraid of? They really do not see the difference between the Vietnamese police and the American police.

COMMISSIONER METHVIN: I suggest you're giving a sweeping condemnation of the police force.

MR. WILLOUGHBY: Yes, sir. I am sure every

policeman in Vietnam was not corrupt, but the Vietnamese community has a fear of the police.

THE CHAIRPERSON: Commissioner Dintino.

COMMISSIONER DINTINO: Our previous two witnesses both testified to silence against journalists and I wonder in the area that you are employed in, if you have experience in any silencing of the media.

MR. ELLIS: Yes, as a matter of fact we have had one journalist killed in our state, and other journalists that are working in the area of Vietnamese news reporting being threatened by Vietnamese themselves.

They will openly tell us that they have to be careful of the stories that they write, that if they name specific names that their life may be in danger or their family's life may be in danger. I have also spoken with journalists from California who tell me the same thing.

MR. SAVIERS: That is basically the same situation that I've had in our community. In 1980, as a matter of fact, due to reporting practices of a particular newsletter, a subject that resides in my city had both of his cars firebombed and his residence ransacked.

COMMISSIONER DINTINO: This is a follow-up.

This act of violence that occurred in your area, what occurred? What investigations were there and were there any successful results? Was it done by the local police and was there assistance by the federal police?

MR. ELLIS: Well, the cases in our area concerning the homicides or murder of the newsmen, I do know that there was involvement by the Federal Bureau of Investigation. The extent of that involvement, I do not know.

As far as the threats on the other newspapermen that are investigated by us, they're done in a confidential manner because of their fear. Therefore, we cannot start any investigation without jeopardizing them.

COMMISSIONER DINTINO: Not in the form of a question, just a closing statement.

I think some kind of action has to be taken in that direction.

THE CHAIRPERSON: I think we all agree with that.

COMMISSIONER ROGOVIN: A former participating witness laid out a diagram, I am indicating the one to which the witness had referred when he

identified a major figure in Vietnam and I believe five generals at the top of the organized crime activity in this country.

Could I just see a show of hands, how many of you were aware of those, assuming they're accurate?

MR. BADEY: Can I clarify something, sir?

COMMISSIONER ROGOVIN: Yes.

MR. BADEY: Are you saying if we are aware of what that witness was saying?

COMMISSIONER ROGOVIN: Nguyen Cao Ky.

MR. BADEY: I've only heard stories like that.

MR. SAVIERS: I think it is only fair to say that the way the question is phrased, I believe all of us can say we know about the information. The information that we were given was by way of raw intelligence. To confirm that information at this time would be difficult.

COMMISSIONER ROGOVIN: So none of you could offer an affirmative?

MR. SAVIERS: I know I can't.

MR. CASEY: I agree with Detective Badey. Speaking as one of the two persons responsible for gathering information on criminal activity in the

Houston Police Department, unless I've been extremely remiss in the last eight months of investigation, I have never heard of the Fisherman gang. He mentioned that it was from Texas.

I know of no gang called the Fisherman operating in the Houston area, so I have a disagreement as to that statement. I would add that I have other disagreements with that witness also.

COMMISSIONER ROGOVIN: Thank you, gentlemen.

THE CHAIRPERSON: If there are no further questions of the panel, you have our gratitude and good wishes, you have a tough job.

Thank you.

We are about to conclude our hearings and as this panel is leaving and before our final statements, Mr. Brill has an announcement for the press.

(Off the record.)

THE CHAIRPERSON: Our hearing has concluded with respect to the emerging groups. We think we brought some light to the new emerging groups that the public is aware of and that is one of our objectives here.

We also hope to be creating cooperation between law enforcement officers at all levels.

We have had some suggestions based on these three days of hearings for legislation for amendments to the Freedom of Information Act, for tougher action by the State Department and the Immigration and Naturalization Service on immigration policies.

We are also going to refer to the Justice Department the allegations of the violent suppression of the Vietnamese media and we hope we will get some additional federal help on that constitutional violation.

We thank the press for helping us in our efforts, you have been very patient and you have reported fairly and that is very important in the work of this Commission.

For all of us on the Commission we want to thank the professional staff for the outstanding job they have done in putting these hearings together. This was not an easy job.

The language difficulties and the fear of reprisal and death which are the methods by which these groups operate made it very difficult to obtain witnesses.

Yet, we have had witnesses who have testified

for the first time in the United States about the Yakuza and a great deal of new information also about the Chinese and Vietnamese gangs.

We want to thank you all and express our appreciation.

Our next hearing will be in Miami next month and it will deal with cocaine trafficking in the United States which is a multi-million dollar business in underground money.

Mr. Harmon, do you have any concluding remarks?

MR. HARMON: No, I don't, Commissioner Hope.

THE CHAIRPERSON: The hearings are concluded.

(Whereupon, these proceedings were adjourned.)

### CONCLUSION

The testimony at this hearing of the Commission makes clear that, in certain respects, it is misleading to describe the more prominent Asian criminal groups as "emerging" groups. Like their counterparts in the Mafia and La Cosa Nostra, members of the Chinese Triad societies and Japanese Yakuza organizations can trace the origins of their rituals and codes of conduct hundreds of years into the past. Moreover, these groups have frequently exhibited the same characteristics as La Cosa Nostra families: significant involvement in illegal activities such as narcotics, gambling, and prostitution; efforts to corrupt police authorities to remove interference with their illegal activities; the willingness to use violence to intimidate potential crime victims or witnesses; adherence to codes of silence.

In other respects, however, these criminal groups of Asian origin are still "emerging" in this country. Because of the ethnic insularity of many communities in which members of these groups conduct their activities, law enforcement authorities have lacked sufficient information to make accurate assessments of the scope and severity of the problem that such groups pose to those communities. In addition, the presence of certain members of these groups in the United States does not represent the full potential of these groups for conducting illegal activities here. In contrast to La Cosa Nostra, which numbers only about 10,000 members and associates among its 24 families, the Yakuza in Japan consist of approximately 2,500 groups with a total membership of more than 100,000. Similarly, Chinese Triad societies have demonstrated their capacity to coordinate and conduct illegal ventures across national and even continental boundaries. While the formation of Vietnamese criminal gangs in this country is a relatively more recent phenomenon, these gangs have also demonstrated the potential to con-

duct illegal activities in numerous communities throughout the United States.

Although the hearing yielded a substantial amount of information concerning these groups -- including the first testimony ever publicly obtained in this country from a member of the Yakuza -- the fact remains that law enforcement authorities need still more information in order to make accurate assessments of the actual and potential threat that these groups pose in various regions of the United States. To do so, however, law enforcement officers will need to explore methods to overcome barriers of language, culture, and tradition even more formidable than those on which La Cosa Nostra has long depended for its success.

APPENDIX

STATEMENTS

PHOTOS  
and  
ILLUSTRATIONS

Embargoed Until Delivery

Statement of

JUDGE IRVING R. KAUFMAN

CHAIRMAN, PRESIDENT'S COMMISSION ON ORGANIZED CRIME

October 23, 1984

Federal Hall

LC5

I would like to welcome you to this public hearing of the President's Commission on Organized Crime.

When President Reagan established this Commission in July 1983, we were charged with the mission of exposing the nature and scope of organized criminal activity to the American people. Since the Kefauver and McClellan Committees completed their work thirty years ago, the character of organized crime in America has undergone a dramatic metamorphosis.

Indeed, there exists today a new genre of organized criminal activity that threatens to cripple the very fabric of American society. The headlines of our nation's newspapers report the nefarious activities perpetrated by these organized crime groups. During the past three weeks, the press has provided extensive and intensive coverage of the so-called Sicilian connection in the international heroin trade. This case is extraordinary. It demonstrates that Sicilian crime groups can operate independently of American crime families.

At previous hearings of this Commission, and in my testimony before Congress, I have referred to organized crime as a cancer, and this metaphor fairly characterizes the role of criminal cartels in narcotics trafficking. Not only do illegal drugs wreak havoc on the persons using them, but the drug trade also spawns a host of other illegal activities, ranging from petty theft to the corruption of public officials, and in its most violent form, murder.

Because the drug trade is so lucrative, it has attracted the attention not only of traditional organized crime, but also new, so called "emerging" criminal organizations. At upcoming hearings we intend to focus on the importation of cocaine and marijuana from Latin America, the traffic in heroin from South Asia and Europe, and other aspects of this national problem. Today our inquiry will focus on several crime groups that trace their origins to Asia and control the importation of heroin from Southeast Asia's Golden Triangle.

Our investigation has also established -- and we will demonstrate through our hearings in the next several days -- that these groups not only engage in the drug trade, but in a wide variety of other unlawful endeavors including illegal gambling, extortion, money

laundering and the infiltration of legitimate businesses. These criminal enterprises are well organized and active throughout the United States and internationally. Moreover, as our hearings will reveal, these new crime groups have developed ties with traditional organized crime, and law enforcement authorities are seeing increased evidence of such cooperation and coordination.

This week of hearings represents the continuation of a long journey for the President's Commission on Organized Crime. We have made significant advances during the early stages of our investigation, but until this hearing we have been unable to compel the testimony of witnesses through subpoenas. As our work continues, we shall convene with increasing frequency to examine and expose the full scope and nature of organized crime in America. In addition, we will issue interim reports that include our findings concerning particular areas of unlawful activity, and recommendations to enable law enforcement authorities to attack more effectively the cancer of organized crime. As always, our work will be directed toward the fulfillment of the President's mandate.

We are grateful to the Attorney General for his personal interest in our mission, and are pleased that he has agreed to appear at this hearing to discuss the Sicilian connection and its impact upon organized crime. Under his able stewardship, the Department of Justice has provided invaluable assistance and cooperation to the Commission. We sincerely appreciate his abiding support.

I am pleased to call upon the Commission's first witness this morning, the Attorney General of the United States.

I now invite you to deliver your remarks to the Commission.



# Department of Justice

STATEMENT

OF

THE HONORABLE WILLIAM FRENCH SMITH  
ATTORNEY GENERAL OF THE UNITED STATES

BEFORE

THE PRESIDENT'S COMMISSION ON ORGANIZED CRIME

OCTOBER 23, 1984

FEDERAL HALL  
NEW YORK, NEW YORK

Thank you, Judge Kaufman, and members of the Commission. I am pleased to be here in New York as the President's Commission on Organized Crime continues its very important work.

My objective this morning is threefold. First, I am here to announce that the federal government is now achieving its greatest successes ever against the traditional organized crime families entrenched for so long in our major cities. Second, I am here to declare that the federal government has now, for the first time ever, developed a comprehensive response to the international dimensions of organized crime that is already proving extremely successful. Third, I am here to state that we must build upon the successes achieved against organized crime both here and abroad by developing a solid base of information with which law enforcement can most effectively counter the new crime cartels emerging in the Far East and spreading to the West.

Today, I am pleased to report that at no time in our nation's history have so many organized crime leaders in so many of the nation's largest cities been indicted or convicted. During the past four years the leaders of crime families in New Orleans, Kansas City, Detroit, Milwaukee, Denver, Philadelphia, Los Angeles, and Cleveland have been largely immobilized by heavy prison sentences. The syndicates in no fewer than ten cities have been forced to rely on secondary leadership.

This decimation of the organized crime leadership in the United States, which is the result of the outstanding work of our Organized Crime Strike Forces, is very important. Where the

government used to report sheer numbers of indictments and convictions, now we can report the results of our actions against those very individuals who mastermind the syndicate's crimes.

We are clearly at a turning point in the history of the fight against organized crime. Over the past quarter of a century, the crime families have been studied, laws have been passed, law enforcement techniques have been refined. But this administration has not only built on the hard work of the past, but also determined that organized crime must finally be reduced to impotence. In my judgment, we may be witnessing nothing less than the beginning of the end of the traditional organized crime that has plagued our nation for so many decades.

Just as we are at a turning point in the battle against the crime families in this country, we are also at an important juncture in a related battle -- the global fight against organized crime. Previously the government's responses to international aspects of organized crime were ad hoc. There was no comprehensive response. That has changed. Indeed, it has had to change.

During my four years as Attorney General, I have been continually impressed with the degree to which organized crime has entered a new historical phase -- its international phase. This development is directly related to drug trafficking, a very

lucrative enterprise. Today, the distance between New York and Palermo is no greater than that between New York and Chicago.

Our response to organized crime has been comprehensive, addressing each of the dimensions of the problem. Because sixty-five percent of the marijuana and nearly all of the cocaine and heroin used in the United States come from abroad, much of it grown in Asian and South American countries that I visited in 1982 and 1983, we have entered into major crop-control agreements with three of these nations -- Pakistan, Peru, and Bolivia. We have also successfully encouraged other nations to reduce their drug crops or substitute legitimate crops in their place. Furthermore, we have successfully encouraged drug-producing countries such as Pakistan, Peru, Colombia and Bolivia to locate and destroy refineries and laboratories.

Another part of our international response is cooperative interdiction. American assistance has proved instrumental in interdiction efforts in Brazil, Peru, and Colombia, where we have seen perhaps the most impressive interdiction results. In 1982, 3,400,000 kilograms of marijuana, 881 kilograms of cocaine, and 1,538 kilograms of cocaine leaves were seized. And last spring, the Colombian National Police landed at a secret airstrip and raided a cocaine processing complex north of the Yori River, seizing cocaine worth approximately \$50 million wholesale and as much as \$2 billion on the street. That is a seizure without precedent in narcotics enforcement.

In addition to these efforts, we have also undertaken a program of negotiations with other nations designed to fashion arrangements under which we can avoid the usual diplomatic

apparatus and deal directly with our law enforcement counterparts on justice-related issues. Specifically, we have sought mutual legal assistance, extradition, and prisoner exchange treaties.

Since 1981 the United States has completed, negotiated or began negotiating mutual assistance enforcement treaties with some 13 nations. Treaties with Turkey and the Netherlands are now in effect. A treaty with Colombia awaits Colombian ratification. Treaties with Italy and Morocco -- treaties the United States entered during my visits to those two countries in the fall of 1983 -- will soon take effect. A treaty with the Federal Republic of Germany has also been negotiated. In progress are treaty negotiations with Canada, Israel, Jamaica, and Thailand. Planned are negotiations with Sweden, Panama, and Costa Rica. And the Bahamas have expressed interest in pursuing a mutual legal assistance treaty.

Meanwhile, in a related matter, we recently signed an agreement with the United Kingdom and the Caymen Islands that allows prosecutors in the United States to obtain on an expedited basis financial data and other documents needed in drug-related investigations.

Since 1980 extradition treaties with seven nations -- Turkey, Colombia, the Netherlands, Mexico, Uruguay, Sweden, and Italy -- have entered into force. Extradition treaties with Ireland and Costa Rica await exchange of ratification documents. Similar treaties with Thailand and Jamaica are almost concluded. And negotiations for extradition treaties are underway with Switzerland, Belgium, France, and Israel.

Indicative of the cooperation among nations today are the joint efforts of law enforcement authorities of two and sometimes more nations in international organized crime cases.

On August 7 of this year, for example, a federal grand jury in Miami indicted 57 defendants in connection with five continuing criminal enterprises and multiple conspiracies involving the importation into the United States from Europe, Canada, South America, and the Bahamas of multi-ton quantities of methaqualone and marijuana, as well as multi-kilo quantities of cocaine. The indictment culminated a two-year international investigation that required the coordinated effort of the Royal Canadian Mounted Police; the National Police Force of West Germany; law enforcement officials of Panama, Austria, Spain, the Bahamas, and Colombia; and, of course, the Drug Enforcement Administration and the Federal Bureau of Investigation.

Also, last April Spanish authorities arrested a notorious Sicilian Mafia drug trafficker and fugitive from Italy. His arrest initiated further arrests and searches of residences and businesses in Illinois, Wisconsin, Michigan, Pennsylvania, New Jersey, New York -- and Italy and Switzerland. So far, 41 individuals have been indicted in connection with their involvement in a heroin trafficking ring that laundered more than \$54 million in banks in the Bahamas and Switzerland. This case was made possible because of cooperation among American, Swiss, Italian, and Spanish law enforcement authorities.

As a direct result of contact between the President of the United States and the Prime Minister of Italy, and between myself and my counterpart in Italy, a joint U.S.-Italian Working

Group to Combat Organized Crime and Narcotics Trafficking was established this year. Earlier this month in Washington, the group met for the first time. The day before our meeting the United States, acting under the new extradition treaty with Italy, extradited an Italian already serving a 25-year sentence here who faces trial in his homeland. On that same day, also acting under the new treaty, we ordered the arrest of 28 Italians wanted in connection with Italy's recent highly publicized crackdown on its mafia. Italian authorities believe on the basis of information provided by a leading crime figure sent by Brazil to Italy this past summer -- a crime figure thought to be the mastermind of drug trafficking between Sicily and the United States -- that all 28 were involved in the heroin trafficking case that began breaking earlier this year.

These events are reason for optimism that the government can continue to make progress against organized crime. So, too, is the passage of the most comprehensive federal crime bill written in recent years. Reforms in the areas of bail, sentencing, and forfeiture, in particular, will prove of great assistance in countering the cartels. Reforms in these areas by our state houses would further strengthen the law enforcement response.

Nonetheless, I must report to this commission one problematic area of the law that still needs reform. Law enforcement officials have long recognized that perhaps the key to any successful investigation of organized crime depends upon an informant, someone on the inside of a crime ring who, for whatever reason, has decided to cooperate. We need these informants, especially when crime networks stretch around the world. We also

need the cooperation of foreign governments in the exchange of information on crime rings. But requests both for informants and for exchanges are hampered by defects in the Freedom of Information Act.

We can offer informants very little if we cannot offer them freedom from reprisal. FOIA has an exemption for informers that allows us to blot-out names and the like. But organized crime figures have increased the number and sophistication of their requests. DEA now estimates that three of every four FOIA requests it receives come from organized crime figures or people with connections to organized crime. The documents requested are used as pieces of a puzzle, and when pieced together, form a mosaic of information that by elimination can point to an informer.

Our law enforcement counterparts abroad are aware of the defects in our FOIA structure. In a conversation I had with Japanese Minister of Justice Sakata, he stated to me that Japanese authorities would be much more forthcoming with information on Japanese organized crime cartels were it not for the possibility that this information would eventually surface in public through the FOIA process. Nor is it just the Japanese who have these worries. The Royal Canadian Mounted Police, to cite a different example, continue a policy of extreme caution in supplying U.S. officials with information that may have an adverse impact on their informants. Such caution is also demonstrated by some of our own local law enforcement agencies. We have taken these concerns to Congress and pressed for FOIA reforms to assist us in the fight against organized crime. But so far we have been unsuccessful in gaining the exemption that we believe is a critical need.

I have mentioned the Japanese mafia, and this brings me to my third objective this morning -- discussion of the new crime groups based in the Far East. I understand that the commission will be focusing on these groups during its hearings this week. I believe your inquiry is quite appropriate. The more that is known about these emerging groups, and the earlier it can be known, the better. We must learn the lesson of the past; we must stay in front of the emerging crime groups so that they do not become so entrenched that they become all but impossible to root out.

We only recently began to make a systematic study of the Asian-based groups, and this morning I will focus on two of these -- the two major groups, in our judgment.

Based primarily in Hong Kong are the Chinese Triad Societies. We know they have been involved in the United States in the operation of illegal gambling casinos, loansharking, extortion, and drug trafficking. Violence accompanies their criminal work, and in some cities there are increasing indications of collaboration in the areas of narcotics trafficking and gambling between these groups and traditional organized crime.

Operating out of Japan is the Japanese Yakuza or Boryokudan, the term preferred by the National Police of Japan. The Yakuza, which drew front-page attention in the Wall Street Journal just this past Friday, are composed of approximately seven major gangs that are similar in composition and hierarchy to the traditional organized crime families in this country. The Yakuza engage in many of the same criminal activities as the L.C.N., and we suspect collaboration in the areas of pornography, firearms, and stimulant drug smuggling back to Japan.

We believe these Japanese organized crime elements are involved in a new form of corporate extortion. This is how it works: So-called "sokaiya" groups become shareholders of target corporations; they then disrupt stockholders' meetings through violence or filibuster techniques unless their often subtle but very profitable demands are met by the corporate leadership. Additionally, as a result of the extremely large sums generated through their illegal gambling operations in Japan, these groups have vast capital to invest in world-wide interests and they may be intent on taking over legitimate corporations.

As I said, we are just beginning to learn about these groups. What we know is often sketchy. In order to make as strong a response as possible to these groups, the Department of Justice would like to know more -- much more. Among the many questions we have are the following:

In regard to the Chinese Triad Societies, granting that there are some legitimate triad societies, which ones are they, and which are not? To what degree have the illegitimate groups penetrated the Chinese communities in our large cities? How do these groups operate? Do they use the same techniques as traditional organized crime, or largely different ones? How involved are they with traditional organized crime? And what is the nature of this involvement? Does the potential exist for the establishment of an international cartel with connections from Palermo to New York -- and then to Hong Kong? Furthermore, given the fact that Hong Kong will become part of mainland China in 1997 and that because of this fact there is now occurring an exodus of Triad Societies' assets into other parts of the world, is some of

this money now coming into the United States? Where is it being invested?

In regard to the Japanese Yakuza, what is the extent of their involvement in the United States? Is it primarily in Hawaii, and the West, or has the Yakuza become involved in criminal activities on the East Coast, and indeed across America? What is the involvement of the Yakuza in the Japanese tourist trade? How more precisely do the Yakuza attempt corporate extortion? And what is the nature of the apparent alliance between the Yakuza and traditional organized crime?

Again, these are just several of the many questions we have about these groups. Your inquiry into these groups is timely. We look forward to the results of your investigation, and to fashioning a more effective response to these new organized crime groups on the basis of the information you discover.

Thank you very much.

STATEMENT OF JAMES D. HARMON, JR.  
EXECUTIVE DIRECTOR AND CHIEF COUNSEL  
PRESIDENT'S COMMISSION ON ORGANIZED CRIME

OCTOBER 22, 1984

On July 28, 1983, when he established the President's Commission on Organized Crime, the President told the American people that "the power of [organized crime] syndicates infects every part of our society". In giving the Commission its marching orders, the President explained, in his words, that he expects the Commission to

"mobilize the American people against organized crime by triggering the kind of public support that is vital for its final isolation and elimination."

When he spoke, the President recognized that organized crime today has many faces, some not well known to law enforcement, but all too familiar to its victims in all parts of this country. This Commission traces its lineage to the Kefauver Committee of the 1950's, which exposed a view of organized crime in America later clarified by Joseph Bonanno in his autobiography. Bonanno described the many faces of organized crime this way:

The Kefauver Committee assumed "the Mafia" was a monolithic organization that controlled organized crime in America. Such a body, as defined by the Committee, doesn't exist.

Organized crime embraces a lot of people - not just Sicilians, but Jews, Irish, Puerto Ricans, Cubans, Blacks, Anglos, you just name it.

Joe Bonanno knew what he was talking about. Bonanno might have added that the victims of organized crime are as diverse as its participants.

The President's Commission has begun to develop the first comprehensive picture of criminal organizations operating in this country which trace their roots to Asia. Testimony presented during the next three days in New York City are parts of a mosaic which, when completed, will represent a long overdue public exposure of this hidden side of the underworld. Today, organized crime is an international phenomenon and must be attacked in that way.

The hearings will consist of primarily three elements. First, an exposure of Triad Societies known also as "secret societies" or "black societies" whose origin is found in hundreds of years of Chinese history. The hearings will explore the relationship of these Triads, with the Tongs and street gangs, and their responsibility for about 20% of the heroin imported

into this country, all of which originates in Southeast Asia. Also, the Commission will expose the developing Asian connection of La Cosa Nostra and the sophisticated international money laundering capabilities of the Triad heroin networks.

In 1977, the People's Republic of China is expected to exercise sovereignty over Hong Kong. If past history is any indicator, this new government will pose a threat to the 80,000 or so Triad members now operating in Hong Kong, where mere membership in a Triad, or attendance at a Triad meeting, is a criminal offense. The Commission has uncovered evidence that some heroin money laundering operations are already being displaced from Hong Kong. Although the Triads now are operational in this country, future events could pose the risk of a migration of entire criminal organizations to this and other countries.

Second, the hearings will expose the nature of the Japanese organized crime group known as the Yakuza, also established hundreds of years ago in Japan. For the first time, the public will hear an insider's view of the Yakuza, which has begun to

make inroads into Southern California and has forged a specific operational link with elements of La Cosa Nostra in New York City, which also will be exposed publicly.

Third, the Commission will provide a view of the emerging problem of violent Vietnamese gangs which operate primarily in Southern California, Houston, New Orleans and Arlington, Va.

The criminal activities of these groups have created enclaves of terror in various parts of the United States, including New York's Chinatown, several blocks away from the site of the Commission's hearings. For the residents and businessmen of these enclaves, being an American means something different than it does for you or me. Extortion, corruption, protection rackets and murder are an accepted fact of everyday life. The victims of the Triad heroin distribution networks include addicts across the country -- from Brooklyn's Bedford Stuyvesant to East Los Angeles. Their resultant impact on street crime is obvious.

Testimony at these several days of hearings will come from many sources, including insiders testifying either voluntarily or through compulsion, victims and experts from law enforcement. To underscore the importance of the international aspects of

organized crime, the Attorney General of the United States will be the lead-off witness. A number of these witnesses are risking their lives by testifying before the Commission. For that reason, their identity cannot be disclosed nor can we advise you in advance as to which topic will be covered on particular day. All of the power granted to the Commission by the Congress has been important in developing the information presented at the hearing. With the assistance of the U.S. Attorneys in San Francisco, Los Angeles, Boston and Washington, judges of the U.S. District Courts have ordered various persons to testify on the subjects to be explored by the Commission. One witness was held in contempt and jailed overnight, after which he agreed to provide evidence to the Commission. Another has been ordered incarcerated until he agrees to testify.

For these reasons, I cannot be specific about the contents of the hearing, but I would be happy to answer your questions.

TESTIMONY  
OF  
FENTON BRESLER

Mr. Chairman and Members of the Commission:

My name is Fenton Bresler and I am a practicing barrister in my home country of England. I was called to the bar in June, 1951, and ever since have continued to practice except that from about 1956, I also began writing articles for various British newspapers and magazines. Currently I am legal correspondent of the London Daily Mail. I have also written several books, two of which, The Chinese Mafia and The Mystery of Georges Simenon, have been published in the United States.

In fact, it was a combination of my legal practice and of my life as an author that first lead me into a study of the Triad organizations throughout the world.

In the fall of 1977 we began to read in the British newspapers of trials in London of various Chinese defendants, all involved in heroin trafficking, and the word Triad began to seep into the reportage of the trials. In fact, one or two members of my own chambers were involved in these cases. The revelation about Triads and heroin trafficking was for us in England a completely new phenomenon.

So when my publisher asked me at that time what would I like to be my next book, I said, "Well, what about these Triads, it seems a fascinating subject - drugs, Hong Kong connection, Far East, international?" It all seemed rather bizarre and also seemed possibly a good subject for the kind of investigating experience that I could bring to bear as someone who both bestrides the fence of law and journalism.

Of course I knew very little about the subject at that time. So I went to Paris where then, and indeed still now, a good friend of mine is a British police officer who is a senior officer in the structure of Interpol and told him of my desire to try and find out what on earth this was all about. It was with his entire cooperation that I then was able to spend over two years traveling the world carrying out my inquiries. In that period of time I visited Hong Kong, Bangkok, Singapore, Malaysia, Amsterdam, Paris, West Germany, as well as Canada and the United States of America.

In October 1980 I visited Washington, D.C. and had a meeting with Peter Bensinger who was then the administrator of the DEA and got his entire cooperation with my project. Indeed Bensinger was kind enough to put at my disposal the DEA offices throughout the world that I needed to visit and to require the assistance of DEA's agents.

As I set off on my task I had no preconceptions, other than to try and discover the truth about the Triads. In my ensuing experience I had lots of

dealings with what you Americans call "injuns and chiefs" in law enforcement agencies throughout the world and I have to say at the very beginning that despite all the courtesies extended from the "chiefs" I found out a lot more from the "injuns". Consistently, for example, the British supervisors of the Royal Hong Kong Police Force contended that the Triads really did not exist on any international level, they were merely street gangs in their native Hong Kong or in Singapore, and were not involved on an international scale in the trafficking of drugs. There were also people who I thought deliberately tried to pull the wool over my eyes. For example in Singapore, I had a meeting with a senior police officer and he gave me the kind of bromide that I had by now somewhat sadly come to expect from senior police officers: "Triad initiation ritual was a long time ago, it doesn't happen now; tattoos on the arms, no it doesn't happen now . . ." I had gotten really rather tired of all this and I said do you have any information that you can let me have and he gave me a very glossy report called Police Life Annual 77 which was a public relations report by the Singapore Police Force. I took it back to my hotel that evening and there in that book were two photographs - one of tattoos used as identification marks by Triad members in Singapore and the other was the altar used by a Triad during the initiation ritual for new members. The article accompanying these pictures had been co-written by the very police officer who had told me that afternoon that tattoos no longer occurred and that there were no longer any initiation rituals going on in the country. So what was it all about?

The history of the Triads begins in the 17th Century when northern oppressors invaded China, swept away the Ming Dynasty and brought into power their own oppressive and alien ruling dynasty, the Ching Dynasty. In the mixture of legend and history of China of that period it seems quite clear that there was a resistance movement formed to combat against these foreign oppressors, and that these resistance fighters grouped into Triad societies. The word Triad signifies its symbol, an equilateral triangle with three equal sides representing the three basic Chinese concepts of Heaven, Earth and Man. For the next 300 years the Triads, with their oaths of secrecy and secret operations, were a proud and honorable part of the resistance in China against the foreign rulers. In the end, in the early years of this Century, the Ching Dynasty fell as much by its own corruption and decadence as for any other cause.

In those early days of the Triads' history the societies had a highly ritualized system of initiation ceremonies - there were blood oaths, passwords, secret hand signals, poems, and a rigorously maintained hierarchy of officers and other ranks. The main features of the initiation ceremony were four-fold: One, it had to be held at a room or a Triad lodge which was decorated with ancestral tablets and flags of mythical heroes. Two, a live chicken was beheaded and its headless body wrapped in paper to

represent the rightful fate of a man called Ma Ning Yee, a Buddhist monk who, according to legend, betrayed his brothers in the very first Triad stronghold in a monastery near Foochow in the 17th century. The chicken's blood was then drained into a bowl of wine with the words, "After joining the Hung family (Hung is another word for Triad) remain loyal and faithful or the wicked and treacherous will die like this cock." Three, blood was drawn from the left middle finger of each new recruit, mingled with the wine and dead chicken's blood and then drunk by all present to signify blood brotherhood. Four, thirty-six solemn oaths of loyalty were sworn to the Triad movement.

Of those thirty-six oaths - still sworn today by Triad members and by societies patterning themselves after the Triads in the United States, in Britain, in Amsterdam as well as in Hong Kong - there are these particular oaths which I bring to your attention: number 30 - I must not protect outsiders and oppress my Hung brethren, I shall be killed by myriads of swords if I do not keep this oath; number 31 - I shall not oppress others or act unreasonably or violently by taking advantage of the influence of our Hung brethren. I must be contented and honest. I shall be killed by five thunderbolts if I do not keep this oath; number 35 - when speaking to outsiders I must be careful never to use Hung phrases or disclose Hung secrets which would cause trouble. I shall be killed by myriads of swords if I do not keep this oath. The new recruit entered into a society with a rigid hierarchy, each rank bearing its own number. The 489 was the head of the Triad Society and he was known as the Hill Chief. Next was the 438, known as the Incense Master, who was responsible for ceremonial duties. Each individual society had only one 489 and one 438; but then there were three lower categories of office-bearer, of which each cell or branch would have its own set of three. These were the 415, the White Paper Fan, whose role was to advise on administration and finance, the 426, the Red Pole, who was outstanding in Kung Fu and the 432, the Straw Sandal, who, as his title implies, was the unit's messenger and responsible for liaising with other branches. The ordinary member also had a number. He was a 49. All the numbers had a specific meaning. For example, they all begin with 4 and this refers to the ancient Chinese belief that the world was surrounded by four seas, thus indicating the universal nature of the original Triad movement.

With the founding of the Republic of China in 1911 there came decadence and corruption and a withering away of Triad ideals. By the time in 1949 that General Chiang Kai Shek was finally forced to flee the Chinese mainland to Formosa, now called Taiwan, the Triads had become as they are now - a criminal element with very little honor or dignity. I have been told that Chiang Kai Shek, himself a Triad member, relied heavily on the support of Triads in his battles against the Communists. As Superintendent John Morris, an officer of the Royal Hong Kong Police, told me: "As Chiang's

control waned, so Triad power grew. The Triads were the strong-arm wing of his party, the KMT. They were used by Chiang for jobs his official army could not do." With the flight of Chiang Kai Shek and his supporters to Taiwan there also streamed into the colony of Hong Kong thousands of his followers fleeing from the Communists. They brought with them their Triad societies. Indeed, throughout Southeast Asia, wherever ethnic Chinese fled from the Communists, transplanted Triad societies sprang up.

Until the mid-1960's the Triad societies' traditional forms of criminal revenue were prostitution, gambling, loans, extortion, blackmail and protectionism. All of these hoodlum activities were directed against the Triads' fellow Chinese. In the 1960's came a new phenomenon - American servicemen in Viet Nam who fell prey to the spurious joys of heroin and a fantastic new source of revenue opened up for the remnants of Chiang Kai Shek's army which had fled, in 1949, into the border regions of Burma, Thailand, and Laos known as "The Golden Triangle".

When Richard Nixon later withdrew the American servicemen from Viet Nam the market suddenly dried up and the Triads involved in the trafficking of heroin - the Green Pangs, the Chiu Chaos, and the 14K - simply followed the market. The market now became the U.S. servicemen in Western Europe, primarily those based in West Germany. Since there were large Chinese communities in Amsterdam and in Rotterdam, heroin came into Western Europe from the Golden Triangle by way of Holland. It proved such a fantastically profitable operation that it carried over to the United States. With the closing of the Sicilian connection and the French connection in the early 1970's, and the eradication - only for a while - of the Mexican connection in the mid 70's, Chinese heroin was coming into the United States in the most appalling numbers. As Peter Bensinger said to me in October 1980, "I am deeply concerned as to whether Southeast Asian heroin may fill the gap in the United States domestic supply caused by the success of the Mexican eradication campaign over the past two years."

A United States immigration official was the first to talk to me about an international conspiracy when we discussed Triad activities. When I asked him about the nature of Triad involvement in Chinese criminal activities in New York, he replied:

When we used to hit the gambling houses . . . we always came up with toll receipts and in a typical toll receipt in these gambling houses you had calls to Londonderry in Northern Ireland, you had calls to London, England, you had calls to Amsterdam, to Hong Kong, to Singapore, to the Phillipines, to California, to Dallas, Texas. Now why should a gambling house here

in New York City be concerned with such a variety of different cities throughout the world? . . . At the time there was a big business in guns going between Northern Ireland and the rest of the world and we'd heard some of the profits from the gambling houses were being used to buy weapons . . . Why call up Amsterdam? That's where the narcotics are distributed from, that's where they come into Europe from the Orient on their way to the United States. So you say, "All right. You found this at one gambling house, but it was only one!" But I tell you that if I hit forty gambling houses I'd find the same toll receipts every time. Now to me that shows an international conspiracy, that shows an organization . . . .

What is the relationship between the Triad organizations outside of the Far East and what I believe to be their controlling offices in Hong Kong and Taiwan? This is what a DEA informant to whom I spoke alone in a hotel room in Toronto, Canada had to say:

Each specific organization operating within its own territory has its own flag. If I want to become a new Triad head, I have to ask the original guy back in Hong Kong or Taiwan to give me a flag which means I can bring it over and that means this is my territory. The flag is a triangular flag. It authorizes me to go to the new town and organize my branch. Theoretically there is no control over me from the original base, once I have my own flag, I become independent. I am a 489 but really I am only semi-independent. Spiritually I am linked with the old country.

My considered judgement worked out over two years of active research is that there are two basic kinds of criminal Triad activity in operation throughout the world. Both stem from the teeming cities of the Far East, the forcing ground of Triad membership. Both operate on the basis of an ethnic Chinese network which gives criminals, through their shared Triad membership, availability to an underground of international criminal activity.

This first kind of basic activity is more loosely organized and is typified by the street gangs of Hong Kong or the youth gangs of the United States. Its members may not call themselves Triads even though their secret

societies follow Triad traditions, structures and methods. The second basic pattern of criminal activity is more fearsome. It is, I'm firmly convinced, an organized international conspiracy with a strict hierarchy operating from a central base in the Far East, shared between Hong Kong and Taiwan, with inflexible control over its members and with an almost limitless capacity for criminal evil stretching across the world.

There are two unique characteristics of this Chinese Mafia. One is its link with heroin. If it were not for the fact that heroin is produced from the poppy fields of the Golden Triangle the Triads would not impinge upon non-Chinese people living in the United States or Europe. And the second aspect of the Chinese criminal societies that makes them unique is their ruthlessness. Several years ago the Triads were getting heroin from Thailand into Malaysia by killing babies and then quickly scooping out their insides, stuffing the cavities with heroin so that women posing as nursing mothers could cross over the frontier with their so-called sleeping child in their arms, and avoid detection. I've seen photographs in London of a man who betrayed the 14K Triad, and in front of 600 people in a cinema in the heart of London he was cut to pieces but still left living. It was an expert job - every single inch of his body had been cut but he did not die. For the rest of his life, for he was only a youngster, he is going to walk around crippled, bearing the scars, so anyone seeing him knows automatically what has happened to him.

What useful suggestions can I make for law enforcement agencies in the United States? The first necessity is an appreciation of the problem and that is why I welcome the work of this Commission. Two, the decent members of the Chinese community, who far outnumber the appalling elements in their midst, must mobilize behind the law enforcement agencies in their battle. In May, 1980 when I was in New York a member of a youth gang was killed by a Chinese merchant in a shootout after a Chinatown shakedown attempt and this letter appeared in the New York Post: "I am writing about the recent Chinatown shooting incident. It's long overdue that a Chinatown homicide incident was publicized. Being a resident of New York's Chinatown for all my 16 years, I live in constant fear whenever these youth gangs come across me." Gutsy people must be encouraged to speak out, through legitimate channels, against the secret societies.

More American Chinese law enforcement agents must be recruited and far more non-Chinese American law enforcement officers must be trained and equipped to speak in one of the many Chinese dialects. In London we're proud of the fact that at last we have one or two members of the police force who can speak Chinese but it is still woefully inadequate. The same thing applies here in the United States - law enforcement agents employed in this particular form of activity must be able to speak at least Cantonese or Mandarin Chinese.

Another suggestion relates specifically to youth gangs. At the moment youth gangs are substantially the tools of the older men - they are the "look-see" boys in the gambling houses or the ones who indulge in the extortions within the various Chinatowns in this country - but the time will come when the youth gangs will themselves go into drug trafficking. They are already beginning to make their own trips to Bangkok to make their own connections and this is bound to increase as the older men get older and feebler and the youngsters get more mature and more greedy. It would be very interesting if the age of Chinese traffickers could be monitored so that we could see just how old the people are - not the couriers - but the actual people who manipulate the couriers. Fourth, the process well established by the DEA of turning around suspects and using them must be encouraged, but when dealing with the ethnic Chinese money and status - because the Chinese have immense respect for "face" - are both incentives which can get suspects to turn around as informants. When I was in Hong Kong, I interviewed an informant who told me about his Triad activities in Hong Kong and Macao. During the interview he was humble and meek and knew his place. Later, on our way to dinner, I asked the English policeman who accompanied us: "Look, why is this chap with us? I mean you're blowing his cover - everyone will know that he's your informant- that he's in your pocket" and the reply was "Oh no quite the opposite - it will give him tremendous face because they won't think he's in our pocket, they will think we are in his!"

My fifth and final point is this: a factor in changing criminals is the deterrent effect of strong sentencing by the courts of the United States. When an arrest is made which fructifies into a conviction, then the man who stands convicted must be given a sentence that will act to deter others. The evil Triad members who earn their livelihood at the cost of other peoples' lives understand only strength. They will be deterred only by strong sentencing. What it boils down to is the only way in which we can seek to curtail the activities of organized Chinese crime is by traditional solid law enforcement.

TESTIMONY  
OF  
SERGEANT BARRY HILL  
METROPOLITAN TORONTO POLICE FORCE

I will testify that Chinese organized crime groups maintain close relationships with one another in Asia and North America.

The MTPF in recent years has received information that a loose association of eight top leaders are working together in Hong Kong, much as the LCN National Commission operates in the U.S. The group works together in large ventures and to arbitrate conflicts among the Triad groups. One member of this Commission is the Head of the Luen Kung Lok, Lau Wing Kui. At least four others in the group are former members of the Royal Hong Kong Police Department (HKPD).

In North America, as well, a common denominator among high level Chinese organized crime figures is a former affiliation with the HKPD.

Several years ago several former HKPD Staff Sergeants from a group known as the Five Dragons joined with other former HKPD officials and a prominent architect from Hong Kong to purchase a large office building in downtown Toronto valued at \$50,000,000 Canadian. The Five Dragons affiliates were led by Lui Lok in the

venture. The architect had previously figured prominently in a massive bribery investigation involving Hong Kong government regulatory officials.

In Hong Kong, the Triads still operate in the Hung Mun tradition regarding their ceremonies and leadership structure. In North America (N.A.), a degree of this tradition can be seen in the Organized Crime Groups. There are currently important links among the leaders of the North American Organized Crime Groups. These groups ignore the Canadian-U.S. border, except to use it to stifle and confuse law enforcement agencies. Cooperation also exists between N.A. groups and Hong Kong Triads.

An example of this cooperative effort is found in the ownership of businesses such as the Oriental Arts and Promotional Corporation. In Boston, this group is headed by Tin Lung (Ping On); in New York and Montreal; it is led by Kit Jai (Ghost Shadow); in Toronto the Company's head is Danny Mo (Kung Lok). In Los Angeles, William Tse (Wah Ching) is the representative. In San Francisco and Vancouver, the corporation is headed by Vincent Jew (Wah Ching) and in Hong Kong it is represented by a Luen Kung Lok Triad member. The Corporation is most often publicly represented by Danny Mo of Toronto. The Corporation exclusively promotes Chinese entertainers in the cities mentioned above.

Also, in New York City, the Golden Teipei night club is owned jointly by New York Ghost Shadow leader Kit Jai and Toronto Kung Lok leader Danny Mo. Another example of cooperation are the simultaneous revolts that opened within the Chinese Freemasons in

Boston, New York, and Toronto. In New York, the schism resulted in a gangland shootout with eleven casualties.

Perhaps the most dramatic example of the interrelatedness of Asian Organized Crime groups was illustrated by an incident in the fall of 1982. In November 1982, the Metropolitan Toronto Police Force and San Francisco Police Department simultaneously received extremely reliable intelligence regarding a summit meeting that was being planned among Asian Organized Crime leaders from the U.S., Taiwan, Singapore and Hong Kong. The meeting was scheduled for January in Hong Kong. The Royal Hong Kong Police Force was alerted and began an investigation aimed at discovering the details of the meeting.

On January 21, 1983, the Royal Hong Kong Police Force raided the New World Hotel, arresting five individuals and uncovering evidence indicating the presence at the summit of seven other individuals. It was also learned that an additional gang leader cancelled his attendance from the summit conference. The Police discovered that these individuals had in fact held a series of meetings in Hong Kong, led by the leader of that city's Luen Kung Lok Triad. It is known that during the conference, several participants made numerous telephone calls to Japan, Taiwan, Canada, and the U.S. It was never learned what the agendas of the meetings were. However, it is suspected that the meetings concerned bringing Chinese gangs in the U.S. under closer control by the Triads in Hong Kong. The participants represented unknown gangs in Singapore and Taiwan, the Luen Kung Lok Triad in Hong Kong, the Wah Ching gang in San Francisco, the Ping On gang in

Boston, the Kung Lok Triad in Toronto and the Wah Ching Gang in Los Angeles. However, some of the participants' gang affiliations are unknown to law enforcement agencies either in Hong Kong or the U.S.

Conspicuously absent from the meeting were representatives from the Ghost Shadow Gang. It is theorized that the Ghost Shadows were excluded from the conference since an open power struggle for leadership was occurring at the time of the conference.

While the alliances grew between the Luen Triad and N.A. groups, the Sun Yee On Triad also increased its contacts with other N.A. organized crime groups. Eddie Louie, brother of Nickie Louie, former head of the Ghost Shadows, has entertained Sun Yee On Triad officials from Hong Kong, during their visits to Toronto. Eddie Louie became inactive with the Ghost Shadows about this time and opened a restaurant called Yee On, which is another name for the Sun Yee On Triad in Hong Kong. The Sun Yee On Triad is a faction of Hong Kong's Chiu Chou Triad in Hong Kong, which specializes in heroin trafficking.

Other close associations have existed between several organized crime gangs in N.A. for years. The Ping On gang in Boston and the Kung Lok in Canada have been close for several years. When Lau Wing Kui headed the Kung Lok in Toronto several years ago, he was observed travelling to New York, where he delivered \$130,000 in cash to On Leong leader Eddie Chan. Chan is a former Royal Hong Kong Police Force official.

I will now profile the largest Asian organized crime gang in Toronto, the Kung Lok, who has connections with U.S. and Asian organized crime groups.

The most powerful group in Toronto is the Kung Lok, started by Lau Wing Kui who was a Luen Kung Lok Triad leader in Hong Kong. Lau has since returned to Hong Kong and Macau under pressure from the Canadian law enforcement community. The Kung Lok gang has a strict adherence to the Hung Mun tradition. In a raid by the MTPF on a Kung Lok official, a book of ancient Triad history and ceremonies were seized along with a book of instructions and scripts for conducting a Triad imitation ceremony for new members. The Kung Lok have 300-400 members. The Kung Lok Lau Wing Kui's leadership purchased and operated The Ambassador Hotel and Casino in Santo Domingo, Dominican Republic. The casino is frequented by high government and military officials. The Kung Lok has long cultivated the friendship of government officials, particularly in the Immigration Departments. The Kung Lok also owns a Chinese Gambling house in Puerto Rico. The Kung Lok, until a recent takeover by Vietnamese, controlled gambling security in Toronto. In May 1982, an authorized gaming house was raided by the Kung Lok and customers were beaten by Danny Mo and other Kung Lok members. Mo and other Kung Lok members were subsequently arrested. However, two others fled to New York where they obtained employment with Kit Jai's Ghost Shadows. They worked as juice loan men in one of Kit Jai's gaming houses. One of the individuals, Paul Kwok was arrested by DEA agents in New York in April 1983 for possessing 10 lbs. of heroin.

Finally, I will testify to the Chinese organized crime attitude toward drug trafficking with Americans and Europeans.

Many Chinese tolerate Chinese heroin traffickers exploiting the west and view the trade as a kind of retribution: One hundred and fifty years ago, the British avoided a silver drain from England by paying the Chinese for goods and services with opium grown in India. When the Chinese attempted to resist accepting opium in exchange for their resources and labor, a war erupted in which Britain seized a portion of Mainland China, near their Hong Kong Island Colony. The trade of heroin by Chinese to Westerners is therefore accepted by many in the Chinese community as a kind of retribution.

TESTIMONY  
OF  
INSPECTOR JOHN MCKENNA  
SAN FRANCISCO POLICE DEPARTMENT

In the mid-60's, some members of the San Francisco Police Department became aware that within the Chinese community, a serious problem was evolving. The reports were that the newly-arrived Chinese immigrants were bothering shopkeepers, merchants and entertainers - abusing people, demanding free food, tickets and merchandise. An increase in the immigrant population had come about through a relaxation of immigration laws.\* Although there was no increase in official criminal reports, verbal reports from the community were being received about acts of violence and battles between youth groups. For no apparent reason, numerous street shootings were occurring.

I was assigned to some homicides that appeared to be gang-related. I detected an undercurrent of fear and experienced a lack of cooperation among witnesses and participating subjects. Further, names of gangs were being picked up such as Wah Ching. Throughout the community, they observed emerging youth groups who recently arrived from Hong Kong. They came into the United States under the Paper Father principle, i.e. sponsored by someone but when they got here they did not live with their

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\*Since 1964, the Asian population has grown dramatically. At present, it is close to 25% of the City's total population.

sponsor. The school system could not handle the new arrivals. Furthermore, the American-born Chinese treated them badly. These new immigrants developed a tendency to congregate in Chinatown and to go in gangs to restaurants and nightclubs where they refused to pay for their meals and drinks, relying on the cultural code of silence from their victims. Further, they were quick to engage in battles with each other.

Many of these people entered into a gang life, preying on their own with illicit acts of extortion, burglary, robbery and assaults. At first, they formed a loose amalgamation of groups all vying for the control of the community. The main purpose of these groups was to establish their power and to seek prestige within their peer group. With their power and prestige established, profit was obtainable.

In the later 1960's, would-be leaders of these groups emerged and started to structure themselves as gangs. Information came to me that a meeting was to be held to decide who would be "yit", or number one. The meeting split into factions and the participants began to assault and murder each other as they vied for power.

In the years that followed that meeting and up to the formation of the Asian Gang Task Force, there were 45 gang-related homicides. Out of these, approximately 7 were

solved. Several gang lieutenants were shot and top leaders of the gangs were also occasionally murdered in revenge killings. From all the battling two groups emerged: the Wah Ching and the Cheung Chee Yee. During this period, the violence, extortions and robberies of the gangs held the community hostage. It was difficult for law enforcement officers to investigate because the Chinese community was very uncooperative and refused to assist. Moreover, some law enforcement officers compared this to the Mafia and expressed the attitude, "let them fight among themselves and kill each other off."

I and others recognized that the problem was growing. I also feared a serious incident where innocents would be shot. Both myself and other officers were keeping individual files on what we were observing at this time. We would meet occasionally to pool our information. In July or August of 1977, I was asked to put all of this information together. I left homicide to go to the Intelligence Division. One week after my switch, the struggle for power and leadership among the gangs culminated in the Golden Dragon Massacres of September 4, 1977, in which a segment of one gang, seeking revenge for a prior incident, burst into the Golden Dragon restaurant and in a hail of gunfire killed five innocent people and severely wounded eleven others. None of the victims had any knowledge of gang activity. The intended victims all escaped unscathed.

This was the catalyst that established the Police Department's Gang Task Force, comprised of investigators and patrol personnel who had knowledge and expertise concerning the Asian Community's customs and language, and the ability to generate information of an intelligence nature. Understanding the history of the community and the differences that separate Tongs, Family and Village Associations are all paramount in establishing a trustful relationship and a mutual desire between the Police and the community to join in an effort to control these illicit activities. All of these abilities, coupled with the desire to firmly and honorably investigate and prosecute violators, are essential in abating this problem. The task force was made up of Caucasian, Chinese, Filipino and Vietnamese police officers, assigned to handle all Asian matters. They will assist Homicide or Robbery or whatever squad is handling a case if there appears to be any gang involvement.

Since formation of the Gang Task Force there have been only five murders. Three of them have been solved. The reasons for the decrease in murders may be attributable to the following:

1. The police are now a visible presence in Chinatown because they work on the street and in plain clothes.
2. The gangs do not know how big the Task Force is, or where it is.

3. The Task Force attempts to give equal treatment to the community members they meet. They talk to them and get to know their families. This includes suspected gang members.
4. The Task Force maintains files on the gangs so that intelligence is complete and current.
5. The Task Force knows the history of the organization and are learning cultural idiosyncracies.
6. The Task Force has sent leaflets out encouraging the community to report crimes.

It is important to remember that these gangs do travel. They have established themselves in other parts of the country. Police departments have jurisdictional limitations in monitoring their travel. Liaison with other city, state and Federal departments is an asset in monitoring such travel. This is successful only if such agencies are aware of the problems and have officers delegated to this task.

All gangs are detrimental to a lawful society. They prey on their own. They establish turf control by violently challenging any other subjects who move in. Economically, they can devastate an area, frightening business away.

Their ages should never be considered in the investigation. Agencies should always be aware that today's juvenile gang member is tomorrow's adult gang leader.

TESTIMONY  
OF  
DETECTIVE JOE CARONE  
CHICAGO POLICE DEPARTMENT

I will testify that Chicago has 14 family associations, two Tongs and one active Chinese street gang. The Tongs are the Hip Sing Tong at 1121 Argyle Avenue and the On Leong Tong at 2216 South Wentworth. The On Leong Tong is much larger than the Hip Sing Tong, but the membership figures are unknown. The street gang in Chicago is the Ghost Shadows.

The Tongs have ceremonies and traditions much like Hong Kong Triads. Their initiation ceremonies include 36 Triad vows, swearing secrecy, fidelity and brotherhood. Until recently, police membership was forbidden.

I will also testify that a gambling house located below the Hip Sing Tong at 1121 Argyle Avenue was recently raided by the Chicago Police Department. Chicago Police had difficulty gaining entry, because of elaborate security precautions at the main entrance and at the banker's cage. Both locations featured bullet resistant glass, gun ports and lock release entrances. Twenty-three Asians were arrested. Chinese gambling paraphernalia and three guns were seized. Many of those arrested had fled up an open stairway which connected the gambling house to

the Hip Sing Tong. Intelligence reports indicated that proceeds from the gambling house were split between the Ghost Shadows, the Hip Sing Tong and Tong leader Kam Wong.

In Chicago, the most important On Leong leaders are Andrew Lee, AKA Kojak, and Henry Fong, owner of the China Restaurant. Lee immigrated to the US through Anchorage, Alaska in 1966 and is rumored to have been a member of the 14K Triad in Hong Kong.

The 1983 National Convention of the On Leong was held in Chicago. The Tong's 1984 Convention was held in Miami. The Tong's National leaders include Eddie Chan, AKA Chan Tse Chiu, and Sid Chin, both in New York City.

I will also testify regarding the On Leong Tong's war on a powerful street gang leader. Eddie Chan is the dominant figure in the On Leong, both in New York and nationally. Chan is an immigrant from Hong Kong of considerable wealth. He is a former member of the Royal Hong Kong Police Force. In 1980, Chan reportedly figured prominently in a power struggle with New York Ghost Shadows former leader Nickie Louie, AKA Louie Yin Poy, that spilled over dramatically and tragically into Chicago. Dissidents within the Ghost Shadows had been gaining power for some time leading up to 1980, when Eddie Chan joined with them to unseat Ghost Shadow leader Nickie Louie. Chief among dissidents was Kit Jai. The struggle came to a climax when an assassination

attempt was made against Nickie Louie. He was shot five times and fled with several supporters to Toronto to seek protection from Nickie's brother, Eddie Louie, who led the Ghost Shadows there. Toronto deported Louie and several of his lieutenants, including a former H.K.P.D. officer. The car the group travelled in had been registered to Chicago Hip Sing leader Kam Wan, which further led law enforcement personnel to conclude that the On Leong support of the Ghost Shadows had shifted to the Kit Jai faction.

From Toronto, Nickie Louie's group went to Chicago, where they established themselves. To make money the group began extorting businessman, primarily associated with their new enemies, the On Leong Tong. One target was On Leong Secretary Henry Fong, who owned Chicago's China Restaurant. When Fong resisted, he was beaten. The Chicago On Leong reportedly lodged a complaint with the National Office of the On Leong, headed by Eddie Chan.

A short time later, eight assassins identified as Ghost Shadows were dispatched to Chicago, with On Leong leader Sik Chin. An automobile used by the assassins was leased by Chicago On Leong President, Chung Mai. Sik Chin later admitted that he and two of the Ghost Shadows were picked up at Chicago O'Hare Airport by an On Leong official, later found to be an illegal alien. Shortly after their arrival, four of Nickie

Louie's supporters were ambushed parking an automobile in Chicago Chinatown. The shooters fired down onto the vehicle from the balcony of the On Leong Tong. Nickie Louie's supporters rushed for cover, but the driver, William Chin, was killed in a hail of automatic weapons fire. Before he died, he identified his killers as Ghost Shadows.

Ambush victim Al Lai also identified the shooters by name and stated that they were known New York Ghost Shadows members. In addition to the victim's automobile, two Chicago Police radio cars were sprayed by the fire. Responding CPD officers pursued the Ghost Shadows through the On Leong Tong. Unknown to the Police, a hotel owned by the Tong, the Chinese Men's Hotel, was connected through hallways to the Tong. The shooters escaped. Sik Chin, however, was stopped and a list of eight Ghost Shadows names was discovered in his pocket.

The automatic weapons used in the ambush had been discarded in the men's room of the adjoining hotel, where they were found by a resident who was discovered by the CPD selling them. The guns were recovered, and the shooters were arrested, hiding in the residence of On Leong member Mike Chan. Shortly after the arrests, New York attorney Dan Gotland travelled to Chicago with \$150,000 in cash, which he posted as the defendants' bonds.

William Chin died months later. His statement was found not to qualify as a dying declaration. During the trial, victim Al Lai changed his testimony and withdrew his accusation against four of the eight shooters, reportedly as a result of a combination of death threats and a twenty thousand dollar bribe. The judge, after stating in open court that he was certain that the defendants were guilty of the murder, dismissed the case. All of the defendants are at large today.

TESTIMONY  
OF  
SPECIAL AGENT JOHN FEEHAN  
DRUG ENFORCEMENT ADMINISTRATION

The in-depth exploration of Chinese criminal organizations has for a long period of time been a difficult task for law enforcement agencies. In recent years enforcement agencies, including DEA, have been making concerted efforts to develop more information on these groups and their activities.

Approximately six years ago, law enforcement agencies in the Northeast recognized the need for establishing lines of communication for the free exchange of information concerning Chinese criminal activity. For this purpose law enforcement agencies from the United States and Canada have been meeting yearly.

The Drug Enforcement Administration has been involved in the investigation of Chinese drug trafficking since the years when the agency was known as the Federal Bureau of Narcotics. Indeed, the Harrison Narcotic Act of 1914 came about as the result of this country's attempts to control the international commerce in narcotics, particularly from the Far East.

For almost 70 years, Chinese criminal activity was restricted mainly to drug trafficking, alien smuggling, and gambling. However, Chinese criminal activity underwent a radical change with the change in the Immigration law in 1965.

Prior to 1965 the New York Chinese community was made up of mostly older men. The wives and children of these men remained in South Asia. The New York Chinese community was representative of all the Chinese communities throughout the United States. However, after 1965 when the immigration laws were changed, women and children immigrated to the United States in greater numbers. Prior to 1965, New York Chinatown was relatively a safe place. There were very few crimes committed against the person.

With the influx of Chinese youths from Hong Kong, street gangs formed. These gangs engaged in extortion, armed robbery, kidnapping, murder, prostitution and loan sharking. Local and State law enforcement agencies experienced a great increase in crime in the various Chinese communities in Boston, New York, Chicago, Atlanta, Toronto and Washington, DC.

Investigation of the simplest crime or acts of violence are made difficult because of the language barrier. Investigations of more sophisticated crimes in the Chinese community are unusually difficult because of the language barrier and also because of the lack of communication between law enforcement and the Chinese residents.

The law enforcement community had to incorporate new methods in dealing with Chinese criminal activity. Some of the methods now used routinely are:

- A. Exchange of intelligence with other agencies.
- B. International criminal history checks. DEA having posts in Southeast Asia is very helpful in this area.
- C. Organizational intelligence charting.
- D. INCREASED COMMUNITY RELATIONS.

However, experience has shown that the best way to discover affiliations of Chinese criminals is by interrogation of informants, source information and photographic surveillance of public and semi-public gatherings. The cooperation of the United States Immigration and Naturalization Service is of utmost importance in this area.

The Immigration and Naturalization Service for years has supplied the rest of law enforcement with informants and information. In the early 1970's, DEA and its predecessor agency BNDD made numerous successful cases involving Chinese narcotics traffickers. A majority of these cases can be traced back to informant information developed by the Immigration and Naturalization Service.

As a result of closer contact, we have more and better intelligence. It has revealed that there is organized Criminal activity in all the Chinese communities throughout the United States and Canada.

DEA intelligence regarding Secret Chinese Criminal Societies (Triads) in the United States is sketchy. In Southeast Asia, the existence of these Triads is well established. In some countries in Southeast Asia membership in a Triad is a criminal offense. It can be assumed from foreign experience in Canada, Hong Kong, England, and Holland that there is Triad presence in the United States.

There are numerous Chinese organizations in the United States. These groups are established primarily for the benefit of the Chinese community. They serve to help the Chinese citizen in all aspects of life in the United States, including business, culture, health and education. There are family societies, businessmen associations, and fraternal societies. The three most notable societies in New York Chinatown are the ON LEONG, the HIP SING and the Chinese Benevolent Association. There is reason to believe that some of the leaders in these three organizations are also part of the criminal groups operating in New York's Chinatown.

History shows that this is an established practice in Chinatown. The Chinese Benevolent Association was created by the Chinese family associations. The New York City Police Department

suggested the creation of CBA to end the Tong war between the HIP SING TONG and the ON LEONG TONG. In time both the HIP SING and ON LEONG had their members elected to leadership positions in the CBA to gain control of the CBA.

The HIP SING and ON LEONG are generally legitimate organizations beneficial to the Chinese community. The ON LEONG is a businessman's association created to aid restaurant owners and other business owners. The HIP SING is more of a working man's association. It was originally established to aid the Chinese railroad worker. However, the leadership of these organizations has been infiltrated by men who have criminal records and criminal association. It is unknown whether these men are members of a Triad. Due to their criminal records and close associations with known Triad members, it is suspected that they belong to a Triad also. In the case of the ON LEONG, a former National President was reported to be an associate of two well known Triad members.

The two most powerful street gangs in New York Chinatown are the GHOST SHADOWS and THE FLYING DRAGONS. Both gangs have active members and inactive members. The DRAGONS currently have an active membership of about twenty men, ten Chinese and ten Vietnamese. Currently, the GHOST SHADOWS have an active membership of about twenty men also. However, both gangs can augment their membership with inactive members and members from other cities. For example, at the time of Michael CHENS

assassination the FLYING DRAGONS brought in gang members from Boston and Philadelphia and re-activated former gang members. The ranks of the DRAGONS swelled overnight to approximately 100 men.

The ON LEONG has under its control the GHOST SHADOW GANG. The HIP SING has under its control the FLYING DRAGON GANG. These gangs have induction ceremonies that emulate Triad induction ceremonies. However, it is my belief that these gangs are not classic old world Triads, but simply pattern themselves after Hong Kong Triads. No matter what you call these gangs, they are just as criminal and vicious as the Triads.

Proving the existence of the Triads in New York Chinatown has been very difficult. However, informants of established reliability have reported that certain members of the ON LEONG and HIP SING TONGS are Triad members. Members of the 14K Triad and GREENPAN Triad are also reported to have a close association with the Chinese Nationalist government.

The KUNG LOK Triad, which is active in Toronto, also has influence in the Chinese gambling clubs in New York City. The leader of the Triad is reported to be a lieutenant of a Triad leader from MACAO.

These are only some of the alleged Triad associations that have been reported to the New York Office of DEA. The narcotics cases made by DEA in New York City involving Chinese narcotics traffickers did not concern themselves with whether or not the defendants were members of Triads. Most of the major Chinese cases were made from 1970 to 1975.

It appears that there is no single, world-wide Chinese criminal conspiracy. The Triads based in Hong Kong have little or no influence on the Chinese groups in New York. There is real danger in the future, however, in the fact that the Hong Kong-based Triads will soon have to relocate. When the Peoples Republic of China gains control of Hong Kong in 1997, the Triads will have to deal with a new government not at all conducive to their continued existence. Triad leaders may be looking for a new and more friendly location. The Chinese communities in the United States are potentially fertile grounds for the Triads seeking relocation.

TESTIMONY  
OF  
RAYMOND CHENAULT  
OAKLAND, CA POLICE DEPARTMENT

In February of 1978, I made undercover controlled purchases of heroin from a member of the Hop Sing Boys, a Chinese street gang, some of whose members were the targets of a rival Chinese street gang in the Golden Dragon Massacre on September 4, 1977. The Golden Dragon Massacre was so named because in the Golden Dragon restaurant, a gunfight between rival street gangs resulted in the murder of five innocent bystanders and the wounding of eleven others.

In my undercover capacity prior to and during the drug buys, I won the confidence of the gang members and learned a great deal about the activities of the gang.

People with whom I dealt admitted that they were both members of the Hop Sing Tong as well as the street gang, the Hop Sing Boys and also admitted that they were part of the Tong's enforcement unit, i.e. the bad guys that took care of any and all problems.

Just prior to delivering the heroin to me for one of the buys, two gang members went inside the Tong headquarters and after approximately one and a half hours came out from a different address. They revealed to me that the inside of the Tong is like a catacomb and the intricate interior serves as a

hiding place for weapons, drugs and other tools of their illegal businesses. The catacomb is actually below street level. The security within these catacombs is highly developed. Outside the Tong headquarters, surveillance agents are easily thwarted because the maze-qualities of the Tong catacombs allow Tong members to escape from a completely different building on a different street from the one they originally entered. The Tong's gambling place also served as a place where heroin was stockpiled. The leader of the Hop Sing Boys revealed to me that "pounds" of the much-coveted, high grade "China White" heroin imported from Southeast Asia were stored in the Hop Sing Tong headquarters. The gang member with whom I dealt directly was a lieutenant of the gang and it was through him that I was put in touch with the leader of the Hop Sing Boys.

The lieutenant received a weekly allotment of heroin - generally in one delivery - that he had to sell for the Tong. After his sales, he had to return a portion of his proceeds to the Tong.

The top management group of the Tong carefully monitored drug sales. Very specific rules were set out, violation of which would result in death. In my case, my gang member drug connection broke a very serious rule to deal with me. The rule was that the gang member could only sell to Asians unless he was selling bag or street quantities. He could sell the small street quantities to non-Asians. The rule was that to sell anything

more than a bag to a non-Asian required that the lieutenant get someone below him to make the sale. This method allowed the gang members and Tongs to build a deeper system of insulation. My purchase after a month build-up from the gang member was an ounce of 35% pure heroin for \$3,400. Prior to that purchase, the best quality I had gotten had been 8% pure. (The 35% purity is staggering given the fact that currently heroin of 1 and 1/2% purity is the most commonly sold quality.)

The leader of the Hop Sing Boys was living in Oakland at the time of the buys because he had been a target of the Golden Dragon Massacre, as leader of the gang. His duties prior to leaving San Francisco had been to direct the heroin, extortion and gambling activities of the Hop Sing Boys. Included among his duties were the selection of gang members to commit murders as needed. In the selection process, he was compelled to follow the rule that murders are to be committed by juveniles because of the California juvenile laws. From his position, he knew that some of the proceeds from extortion activities were used to finance the heroin activities.

As leader of the gang, he was an employee of the Hop Sing Tong. In fact, the president of the Tong and owner of the infamous Golden Dragon Restaurant told me when questioned that the gang leader was one of his employees.

In this period of confidence, I also learned the following:

- 1) In extortion or physical threats leveled at Chinese, the target of the threat is the victim's family in Hong Kong. This demonstrates the strong ties criminal groups in the U.S. enjoy with criminal operatives in Hong Kong.
- 2) The Tong has a decision-making hierarchy, the committee of elders, which numbers anywhere between 4 and 7 people.
- 3) Gang members are grouped together according to a criminal speciality, i.e. one group for prostitution, one for heroin, one for gambling. Gang members start out in a group as a young gang member and eventually may graduate to become a member of the Tong.
- 4) Tongs usually use the Chinese restaurant with which they are affiliated not only as a meeting place but also as a money laundering facility.

Tongs also get into the role of being a policing agent. Community victims often report their victimization to the Tong. The Tong gains a double advantage this way. The victim must pay the Tong protection money for this policing service and more than likely, the street gang arm of the Tong perpetuated the injury in the first place, resulting in financial gain from the injury.



TESTIMONY  
OF  
JON D. ELDER, CHIEF  
MONTEREY PARK, CA POLICE DEPARTMENT

I will testify about the severe problems I am facing due to violent battles for dominance being fought by Asian organized crime groups in Monterey Park, a small bedroom community of Los Angeles.

In the past few years, the Asian population of Monterey Park has grown from 2% to over 38% and the percentage of Caucasians has decreased to less than 35%. Due to the saturation and overcrowded conditions of Los Angeles' Chinatown, which has been taken over by ethnic Vietnamese-Chinese, immigrating Asians have sought residence in Monterey Park and the suburbs that surround it.

In the last few months, at least seven shooting incidents are attributable to the organized crime power struggle. The Asian gangs are struggling for control of the lucrative criminal enterprises in the Los Angeles and San Gabriel Valley, including gambling, illegal alien-smuggling, extortion, protection and

narcotics distribution rackets. Additionally, legitimate business operations are seeking alliances with gang members to protect themselves in the crossfire.

The gangs involved in the power struggle include:

1. Julien Bong or "Bamboo Gang" - This Taipei-based street gang has strong financial backing. Its organized crime activities center around running gambling houses which net \$10,000 to \$20,000 per day. They have also cornered a large share of the cocaine trafficking market using Viet Ching and Wah Ching gang members as distributors. Their danger is enhanced by their development of legitimate business interests which they use to launder money through Hong Kong and Taiwan and by their affiliation with California-based banks to accomplish these ends.

2. Taitu Oriented Gang Activity - This group is supported by "Economic Criminals" from Taiwan (ROC). The current political situation in Taiwan demands tight government control of all assets leaving that country. Those people who illegally remove large sums of money from Taiwan are guilty of economic crime under ROC law. Once identified as an "economic criminal," a former Taiwanese cannot return to his country absent a

liability to arrest and imprisonment. The "Free Taiwan" movement advocates the removal of the ruling KMT party and the establishment of a new government run by local Taiwanese. The TAITU has become the unofficial radical terrorist group of that movement and is responsible for terrorist activities such as bombing and supply of weapons to supporters. It is in the common interest for wealthy "economic criminals" to support criminal activities which lend support in any fashion to help further this cause. If the government changes, they could return and operate freely without government sanctions. This nameless group has good financial backing and will become involved in any lucrative activity to further its political ends.

3. Viet Ching - This is a group of young juvenile Vietnamese and Vietnamese-Chinese people. They are a street gang with little financial substance. They are involved in helping to run gambling houses, robbery, extortion, protection and other theft-type activities. They are very dangerous because their fear tactics revolve around threats, intimidation and shooting. They will punish enemies quickly and severely and are highly feared by other Asian criminal groups. Originally, they worked with "Bamboo" to help with enforcement and gambling and narcotic distribution, but after a falling out regarding percentages of

profit, they are now at odds with the "Bamboo" and are closing ranks with the "TAITU" supporters.

4. Wah Ching - This Chinese-membered juvenile youth street gang is involved in gambling, extortion and narcotics. Wah Ching is currently in closed ranks with "Bamboo" with some Wah Chings having been designated as leaders of specific "Bamboo" criminal enterprise areas of responsibility. Within the past four months, "Bamboo" leaders have come to the Los Angeles area from Taiwan to organize and establish a base of operations in this area. Formal meetings resulted in the appointment of six or seven Wah Ching members into "Lieutenant"-type positions with specific areas of responsibility.

5. Joe Fong - The Hong Kong-based, organized crime gang has in place several legitimate business enterprises and at least one major legal card parlor. Its establishments are frequented by other Asian gangs, specifically the "Bamboo Gang". Joe Fong affiliates and supporters are very wealthy and are seeking to establish a strong USA foothold in which to invest money because of the uncertain future of Hong Kong.

The shootings investigated in Monterey Park reveal that throughout the Los Angeles basin and the San Gabriel Valley the "Bamboo" are shooting the Viet Chings and the "TAITU" supporters are shooting the Wah Chings. It further appears that each shooting causes retaliatory shootings which will continue until one group gains supremacy or until peace is declared and the spoils of the competing criminal enterprises are divided.

I had the foresight to prepare myself and my community for the problems attendant with the influx of a new culture, but it is a problem that demands assistance from the federal law enforcement community. Efforts which I have undertaken thus far can provide a useful example to other communities in this country that are experiencing or will shortly experience a population explosion like that in Monterey Park.

Some of the changes I instituted included setting up a Reserve Police Force and an Asian Task Force, which has consisted of many Asian officers who provide insight into their culture and provide an excellent network of legitimate community involvement. From these reserve officers, I hired many full-time police officers. In light of the terrible potential consequences of the current gang warfare, I had to make special assignments of my

Asian Task Force so that they are working on the streets from 8:00 p.m. until 4 a.m. Federal law enforcement involvement can enhance my efforts to date and can coordinate similar efforts of police chiefs in other communities.

The current situation will only worsen as more of the criminal types in Hong Kong seek to leave before the Peoples' Republic of China takes over in 1997. These types will seek out their counterparts in suburbs like Monterey Park and add to the members already engaged in combat. Money will provide a dangerous ability to purchase escape from Hong Kong and the lucrative criminal enterprises which are already in place will be greatly enhanced.

Even before the end of the Hong Kong mandate came into the spotlight, Monterey Park reflected the flight from the Hong Kong capital. Chinese who flee Hong Kong often enter this country with a great deal of cash, which allows them to come into the suburbs and purchase residences with cash. The average purchase price of homes is \$100,000. Asian buyers have escalated property values and often purchase homes above the market price. Just as the residential purchases are mostly being made by Asians, so are

the commercial purchases. The business district demonstrates almost a complete turnover from American-owned restaurants and businesses to those owned by the Chinese and Vietnamese.

A further reflection of the consequences of massive Asian immigration is the growth of Chinese-owned banks in Monterey Park. For a community whose population is approximately 58,000, there are more than 28 different banks, not including separate branches of these banks. It is suspected that money-laundering is a featured speciality of these banks. The growth of these banks has been so fast that it is very difficult to keep track of them, let alone monitor any illegal activity in which they engage. Banks have sprouted up to replace gas stations, veterinary hospitals, hardware stores, restaurants and all other variety of businesses.

Therefore, my battle requires that I fight outbreaks of violence caused by gang warfare on one front and sophisticated criminal behavior in the Chinese banking community on the other front. The latter is the means used to capitalize on the heinous street crimes presently occurring. Federal law enforcement assistance can certainly be put to good use on both fronts.

TESTIMONY  
OF  
TONY CHAN, DETECTIVE  
MONTEREY PARK, CA POLICE DEPARTMENT

As an Asian-born, American-raised police officer, I represent an example of Monterey Park's attempt to solve the terrible Asian crime problem currently facing our community. Much of my motivation to serve in law enforcement stems from my upbringing. As a young boy, my father and grandfather recounted the historical background of the highly corrupt Hong Kong Police Department between 1950 and 1970 and the role of the triads which benefited from that corruption. From these first-hand accounts, I will testify about how triads changed from nationalistic mutual protection groups to a criminal menace.

I will also discuss parallels between triads and their counterparts in this country, tongs. Tongs started out serving a good purpose in providing a support organization for newly-arriving Chinese immigrants so they could feel at home with people who shared a common culture and language. As the tongs became powerful, organized and influential, they came to have corrupt segments. These corrupt segments eventually controlled crime in the area where they were located. As various criminal activities became popular and lucrative, they have been controlled by the tongs. These include drugs, gambling, prostitution and extortion. A recent phenomenon to which I can

testify from first hand law enforcement experience is control of the street gangs by the tongs. This control is widely presumed but the insulation of the tong is so extensive that no gang member has ever explained how the control operates.

I am one of the police officers Chief Jon Elder assigned to work an 8:00 p.m. to 4:00 a.m. "on the street" detail in light of the violent gang battles that are threatening the safety of the entire Monterey Park community. Working that shift, during which the gangs reign supreme "on the street", I observed that the gang which seems to have the most power is the Wah Ching. This gang has a well-defined hierarchy and a membership of approximately 150 throughout Los Angeles. The recently-elected President Tony Young, has a "front" in the import-export business which allows him to go back and forth frequently to Hong Kong, where he has numerous connections.

Furthermore, I can testify to the national network of the Wah Ching. For example, two years ago they held a national meeting in L.A., San Francisco, Chicago and New York. They can now pick up a telephone to solicit assistance at any time from any other members elsewhere in the United States. I am seeking more evidence of links between the Wah Ching and other Asian organized crime entities because of surveillance that showed Tony Young meeting with members of the Los Angeles Yakuza.

Based upon the shootings I am investigating, I have first-hand observations of the relative strength of the warring factions. The lucrative criminal enterprises of gambling, prostitution, extortion and narcotics are flourishing as the gangs build up their war chests and seek to control the criminal enterprises.

TESTIMONY  
OF  
RONALD GOLDSTOCK

I will be testifying about the structural similarities between traditional organized crime (LCN) and Asian secret societies. My testimony will highlight the following such similarities:

1. Origins - The groups typically began as "patriotic" organizations opposed to foreign and oppressive rulers.
2. Organizational similarities - there is usually a division of responsibility and labor.
3. Symbolism - The groups uniformly employ secret oaths, signs and religious connotations.
4. Cultural similarities - All of the groups are marked by close family ties, respect, honor and the use of retaliation.
5. Evolution of criminality - While the groups started in opposition to an illegitimate governing power, they ended up opposing their illegitimate government representatives.
6. Subgroups - Within the large group, segments of the group band together and stick to their territorial and linguistic groupings.

7. Insulation from society at large - These groups preyed on their own who, as immigrants, were ostracized from mainstream of U.S. society.

8. Uniform criminal activities - The groups all tended toward gambling, prostitution, extortion. While traditional organized crime - the LCN - grew and developed around liquor, emerging groups today can grow and develop around today's "prohibition", drugs. In both instances, profits are used for corruption of public officials.

9. Infiltration of legitimate ventures is also similar, and includes:

- government/industry
- theatres
- entertainment
- restaurants

10. Law enforcement response - In the traditional arena, few police officers were Italian; today few are Asian. As a result, there are relatively few informants, and surveillance is made more difficult.

11. Use of corrupt political and social organizations - Traditional and emerging groups employ "fronts", such as Tammany Hall & Tongs.

12. Mechanisms to solve internal disputes and allocate territories - Emerging groups have "Benevolent Associations", just as the LCN has its "Commission".

13. Recruitment of youth and the existence of street gangs - With both traditional and emerging groups, youths assist the organized crime groups and become a "proving ground" from which to choose future members.

STATEMENT OF  
LIEUTENANT KENNETH A. ADAIR  
GARDEN GROVE, CALIFORNIA  
POLICE DEPARTMENT

PUBLIC HEARING ON ASIAN ORGANIZED CRIME  
OCTOBER 25, 1984

In April, 1975 the fall of Saigon marked the end of the Republic of South Vietnam and the beginning of a major migration of refugees to the United States. Southern California was affected because Camp Pendleton was used as a processing station for many of the refugees.

As they were processed through, they settled in this area simply due to the proximity of the Marine base, the sponsors were local and the climate is pleasant.

The Vietnamese moved to Garden Grove in about August, 1975 and settled in a very large apartment complex called Westminster Chimes. This migration is attributed mostly to the low rents and the size of the complex, which held enough people so that they felt culturally secure.

Initially the apartment complex held Mexican, Caucasian, Black and Vietnamese people and was very run down. The Vietnamese people gradually took over the apartment complex and within a short time it is estimated that there were approximately 1200 Vietnamese people living there, which provided for an extremely crowded environment. After the apartment complex was completely taken over by the Vietnamese it was sold to a new owner. The new owners spent a great deal of money improving the complex both physically and aesthetically. They also monitored the overcrowding and cut the number of occupants to about 600. The complex continues to be maintained, is almost totally Vietnamese and appears as a great improvement over how it once was.

Initially the Vietnamese people congregated in large apartment complexes, apparently feeling secure among the people from their own country. There was very little information available at the time on crime in these communities. It was an extremely rare instance when the police would be called to handle a situation where the Vietnamese were the victims.

Generally when the police were called, it was in a situation where a Vietnamese had become involved in an incident with a person of another race, or where a person of another race called to complain about some cultural practice of the Vietnamese.

As the local Vietnamese population grew, prejudice caused a general feeling of non-acceptance by the community. This prejudice was fostered by language barriers, misunderstanding of cultural differences, memories of the Vietnamese war and the mistaken belief that Vietnamese were provided with generous government subsidies and give-a-ways.

As time progressed, the Vietnamese people began to involve themselves in the business community and as had been their practice with housing, they stayed close together. One shop owner would move into a center and shortly the entire center was Vietnamese owned and operated. Many times Caucasian business owners reported they sold their business because the money offered was just too good to turn down. These Vietnamese businesses seemed to do well as the Vietnamese population almost totally conducted business with Vietnamese businesses.

When the Vietnamese first came to the United States, they were settled in 27 states throughout the country. In many cases, friends, acquaintances--even families were separated. As time progressed, many of these families have relocated, (commonly called the "Second Migration"), to the Southern California area. We believe these people move to Southern California for the same reasons as any other person does, to be near family, perceived opportunity and the climate. An important reason for this second movement is that Orange County has become the cultural and financial center for the Vietnamese community in the United States. There are two Vietnamese banks and numerous import/export businesses in the area.

In 1980 statistics published by the Immigrant and Refugee Planning Center reported that the City of Garden Grove had a Vietnamese population of 9,400. Due to the continuous migration into the Southern California area, (estimated to be as high as 1,000 per month), this figure is no longer valid. The residential Vietnamese population is now estimated to be approximately 21,000.

As the Vietnamese people began extending themselves into the community, the police began hearing rumors of organized Vietnamese gangs extorting and victimizing members of their own community. Any attempts to investigate these reports were always unsuccessful as the Vietnamese had no trust or confidence in the police. In fact, they feared the police almost as much as the reported gangs.

It was at this time that the City of Garden Grove recognized the potential problems and assigned an officer to work the Vietnamese community. This officer, a Caucasian, was assigned in plain clothes to make contacts, develop information and establish a liaison with the Vietnamese community. Although he had no specific case load he often took care of Vietnamese cases insuring that they were adjudicated properly.

Two incidents in Garden Grove catapulted the Vietnamese crime situation to front page news. On February 23, 1981 at approximately 2:30 p.m., gunshots erupted at a Vietnamese store owner's residence. This residence was located in a middle class

Caucasian neighborhood. One person was wounded and two were killed. Although the suspect was apprehended and convicted during this investigation, information was developed indicating the presence of Vietnamese organized crime in this area. This case also created a backlash by the neighborhood against the Vietnamese people in general.

On October 11, 1981, three male Vietnamese entered a local Vietnamese restaurant and opened fire with shotguns. The result was one dead and five wounded. Although this case has not been solved, the investigation has centered on Vietnamese gang warfare fighting over control of territory. This case catapulted the Vietnamese "organized crime" to the newspapers and again fueled the fear of the Vietnamese criminal element.

During this time, the crimes being "reported" confidentially were murder, torture, arson, extortion, gambling, prostitution, auto theft and welfare fraud. Often these schemes were reported to involve political fronts alleging to involve efforts to finance freedom for the homeland. Only in rare cases was the informant, victim or witness willing to "testify out front" and in those cases investigations of crimes were severely handicapped due to the language barriers and the lack of "operators."

The "gangsters" at this time were generally adult male Vietnamese, mid-20's to 50 years old. They always had a war record and generally claimed some alliance to a Vietnamese military force, frogmen, special forces, etc. They seemed to be unconcerned with trying to maintain a low profile in the community and it often appeared that they relished the recognition. Frequently, they displayed tattoos that reported to display their association, their talent or their past exploits.

Garden Grove assigned a second officer to the Vietnamese unit and joined with several local agencies to pool resources and information to address the situation. All out efforts were made to identify, photograph and share information on the Vietnamese "gangster." Several of these "gangsters" began turning up involved in serious crimes throughout California, then Houston and Hawaii. These gangsters began to cover up their tattoos and tried to take on a low profile; apparently realizing that these tools offered the police a handle to identify them. In 1982 a reputed gang leader was arrested for attempted murder. This arrest appeared to have a major impact on the Vietnamese crime picture. Following this arrest, the reports of "gang" activity diminished. Although there were often reports of people still being extorted, there did not appear to be the fervor involved previously.

Gradually we have seen the Vietnamese "gangster" profile change. Although crimes being reported appear to be very similar, the Vietnamese "gangster" of today is younger, from 14

to 23. They also have developed a penchant for residential armed robbery, again preying on Vietnamese victims and relying on intimidation and threats to avoid prosecution. Although these youth gangs do not appear to have a formal organizational structure and have no names, they are extremely reluctant to be identified like their predecessors and they are very mobile. The same persons are again found to be involved in criminal activities over and over throughout various parts of the country. Frequently, they have attempted to hide their identity by physically changing their appearance or changing their names. When these people move to new areas, they have the contacts to immediately meld into the community and become "involved" with the local criminal element. It also seems that these "gangsters" (as they like to be called), like their predecessors, have the ability to strike fear into the Vietnamese community as a whole. A recent group uncovered by the Garden Grove Police Department had approximately 9 members. They were involved in several crimes; auto theft, burglary, extortion and several residential armed robberies. Although they were arrested for several of these robberies, prosecution was made very difficult, if not impossible, by the victim's refusal to identify or appear in court against the suspects.

As stated previously, the estimated Vietnamese population of Garden Grove is approximately 21,000. Commercially, the Vietnamese own and operate 279 licensed businesses within the city limits. Since the cities of Santa Ana and Westminster also share large residential and commercial Vietnamese communities and all three cities are adjacent to one another, the daily Vietnamese population of Garden Grove is considerably higher.

Although the two Garden Grove officers are making headway with the Vietnamese people, there is a great deal of work to be done. They have worked daily talking to the community, trying to convince them to use the system. This has succeeded as statistics show that each year increases in reported crimes involving the Vietnamese are recorded.

Some of this success can be seen in the increased activity recently with the Vietnamese professional in white collar crime. Most notable was the major investigation by the California Department of Justice involving Vietnamese doctors and pharmacies in Medi-Cal fraud. Recently, an investigation by the Garden Grove Police Department, culminating in August of this year, involved several doctors and attorneys in insurance fraud and false accident claims.

To reduce the criminal activity in the Vietnamese community and identify the criminal element, efforts have been made to give attention and to assist the Vietnamese community in not only traditional police matters, but in non-traditional matters.

Special patrols, phone line and field interview cards with photographs have been used. The arrest statistics involving Vietnamese in crimes have increased dramatically each year since 1982.

STATEMENT OF JACK WILLOUGHBY

rganize - 1. to provide with an organic structure 2. to arrange for 3. to establish; institute 4. to persuade to join a cause, group, etc. - to become rganized - or'gan.iz'er n.

If we look for Organized Crime in the "traditional" sense within the Vietnamese Community we'll not find it. It is the opinion of police officers, throughout the United States, that work in the Asian Community that there is no "Vietnamese Godfather," controlling all Vietnamese criminal matters in this country. This does not mean that Vietnamese criminals have not "organized," since their entry into this country in 1975, and later.

Among the mass of Vietnamese citizens fleeing communism at the fall of South Vietnam were members of the criminal class from that country. There is no reason to think that once these criminals relocated into this country they did not revert to type and continue these activities in the various Vietnamese Communities spread throughout the United States.

These groups of criminals, from past associations in Vietnam, could be considered to be organized in that the members communicate with each other and provide services, such as hide-outs, weapons, information, to visiting criminals from other parts of the country.

Criminal organizations within the Vietnamese Community exist at several levels.

1. YOUTH GANGS:

In every Vietnamese Community of any appreciable size there are "gangs" of Vietnamese youth preying on the citizens of that community. These gang members engage in petty theft, use and deal in small amounts of narcotics, extort businessmen, and on occasion resort to violence in order to settle arguments among themselves or to frighten businessmen as a part of their extortion efforts.

Many of these gang members can be recognized by longer than usual hair, "punk" clothing, and colorful tattoos on their arms and body. Some of the worded tattoos can be translated to mean such things as, "I'll take any dare," "Lost love," "Move with the wind," and other self serving slogans.

Some of these youth gangs were formed because the members came to this country without their family and are cut off from the traditional Vietnamese family life style and support. The loose association of other gang members fills this void in their life.

Other young men became gang members because they simply wanted to be criminals.

2. Gambling:

Gambling is a way of life in the Orient and transcends all class distinctions. It is very common in the Vietnamese community for a person to operate an gambling house in his residence or pay another to let his home be used as a gambling house.

The men who run these games often make use of youth gang members as guards for the games. This prevents other youth gangs from robbing the games and gives the gambling patrons a nice, safe feeling so they can get on with their games without interference. Guards are also employed as look-outs in case the police come into the area. Should the police intrude into the "safe area," the gambler is warned via telephone or walkie-talkie and all gambling is stopped, the games put away, and should the police break in all they would see is a party of Vietnamese eating and drinking. Food and drink are kept on hand for this purpose as well as for sale to the gambling patrons.

As with gambling among any other group, the gambling leads to loan-sharking, prostitution, and other crimes.

When a well known gambler from one location visits another he is often treated as a welcome guest, especially if the two gamblers knew each other in Vietnam.

3. Narcotics:

Narcotics is big business and big money. Members of every ethnic group now in this country engage in the narcotics trade.

Many Vietnamese who fled to this country were fishermen in Vietnam. Many of those people now own, or work on, fishing boats of one kind or another in the coastal areas of the United States. Some of these fishermen have entered the narcotics trade as dealers and/or transporters. American narcotics dealers make use of these Vietnamese to bring in loads of narcotics from "mother-ships," in their fishing boats. The distribution of the narcotics is then done by the Americans.

The Vietnamese are an industrious and intelligent people, they would not long work for others when they could be making the major profit themselves.

Vietnamese can now be found at all levels of the narcotics trade, either working with other Vietnamese or working with Americans in order to provide themselves and their wares with a larger market.

4. Smuggling:

Members of the Vietnamese community are engaged in smuggling food stuffs, cigarettes, and pharmaceuticals for the purpose of sale in various oriental grocery stores throughout the country. If one enters any Vietnamese grocery store in any Vietnamese community in this country it should be possible to trace some of the above items from other portions of the country on which duty/taxes have not been paid. There is a well established route for cigarettes, of British origin, from Hong Kong, to California, and to other parts of the country.

Cigarettes are also being brought into the United States from Mexico and being distributed, via mail, to various parts of the country.

In many Vietnamese stores the same brand of cigarettes can be purchased for different prices. The higher price will be charged to a stranger, cigarettes on which all taxes have been paid, and the lower price to a regular customer, cigarettes on which no taxes have been paid.

Some authorities believe that cigarettes hijacked in California have found their way to Louisiana and Mississippi.

#### 5. Prostitution:

Vietnamese prostitution is usually to be found in cities with a large Indo-Chinese population. Most of this type of activity takes place in night-clubs, bars, and massage parlors.

It has been said by some law enforcement agents that the men that run the various prostitution groups have "look-out" people working in the relief agencies. These people look for young Vietnamese females with no family who speak little or no English and have no contacts in America. They are then recruited to work in the bars, etc. with the promise of big money and the sense of belonging to a group of friends. Some of the Vietnamese prostitutes in this country are engaged in that profession because they can not make money any other way and they feel the need to support family members who are still in Vietnam. The sacrifice themselves to save their families. Vietnamese families look with great shame on any female family member who becomes a prostitute for any reason. In their own eyes many Vietnamese prostitutes are "dead," or "worthless," and only continue living to support others.

There can be no hard and fast rule however. Some Vietnamese prostitutes are simply whores with no motive more noble than a desire for easy money.

Vietnamese engaged in criminal activity are usually centered in a small portion of their own community and deal only with other Vietnamese. These criminals may have contacts with others in various parts of the country and cooperate because of common past experience in Vietnam, be it political, military, or criminal. Because of this past contact, as well as the feeling that they are alone in a "Sea of white faces," there exists the potential for a large, traditional, organized crime family forming. One only needs to study the history of organized crime in America to see that these possibilities exist. The Vietnamese have an advantage on other ethnic groups in that they have ready-made contacts throughout the United States due to the wide dispersal of the Vietnamese people in this country. Vietnamese youth gang activity, as well as other forms of crime in the Vietnamese community, are being recognized as a problem in California, Texas, Louisiana, Mississippi, Virginia, New York, Illinois, Colorado, and other states. States with a large coastline are experiencing problems with Vietnamese involvement

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in narcotics.

Should American Law Enforcement not "get in on the ground floor," in investigation of Vietnamese crimes and criminal groups this country will be subject, in 10 years or less, to an explosion of crime from the Indo-Chinese Community into main stream American life. Some of these criminals are now involved with Americans. Youth gang members will not stay young. They will either die, go straight, or become involved in criminal matters to a greater extent as adults.

The last word on Vietnamese criminals is mobility. This has been recognized as a trade mark of the Vietnamese criminal. They can fit into any Vietnamese community in the United States. They do not mind moving from place to place. They have no roots. They have no loyalty to anyone except themselves. They speak a language that no more than a handful of Americans can understand, very few of them policemen. They could be the dark future of American Organized Crime.

Jack Willoughby  
1 July 84

STATEMENT OF DONALD SAVIERS

10-17-84

Good Morning!

It is a pleasure to report to you on the situation in California. I will give our findings about the problems associated with the Southeast Asian primary and secondary migrations, with emphasis on our concerns with organized crime activity.

Implicit in this report are some caveats about the extent and future of organized crime; as it relates to this, the most recent and toughest test yet of the American system's resiliency--in this case as we try to absorb the remains of an entire country.....Vietnam.

As we begin a dialogue such as this, it is first necessary to do some "housekeeping chores," which I don't want to belabor. So I wish to merely mention the definitions and vocabulary that we use in California.

Traditional organized crime in our usage applies strictly to those known groups that came to be called "THE MAFIA" or "LA COSA NOSTRA."

Non-traditional organized crime is what I call that area of conspiratorial criminal activities that has emerged or has the potential of emerging in the future as well as already established criminal enterprises.

The difference in these two categories is more one of our relative knowledge, or ignorance, than it is a comment on the structure or threat inherent in the groups. Non-traditional organized crime, then, represents law enforcement's more pro-active effort, while traditional organized crime--in a sense--is a mark of our past accomplishments.

A third category I must introduce--not because we in the Southern California area are relieved the Olympics went so well--but more in its future implications, in non-traditional organized crime: The category is Terrorism.

By "Terrorism" I mean that doctrine that forwards the use of criminal activity, homicide, extortion, and the fear generated by these acts, to attain group goals of a political nature. In using the term "political," I am speaking directly to politics on a global scale, such as those embraced by groups that purportedly collect money, arms, and amass troops to overthrow or re-take a foreign country. I'll discuss this in detail shortly.

In proper perspective, I suppose my highest credential here today is that category established by national media. The City of Westminster once was known primarily as being a very conservative upper-middle-class "bedroom" community, described as being "just south of Disneyland" in Southern California. Today, in 1984, we are the newest "third-world colony," and I say that in quotes; "Little Saigon;" the largest Vietnamese

business community outside of Ho Chi Minh City."

I have seen, in the last half-dozen years, a transition from "zero-Asian-population" to a stable area concentration, encompassing several communities, of over 80,000 Vietnamese refugees. My office is a mile and a half from Bolsa Avenue and Magnolia Street, which is now the famous cultural center of Southeast Asian activity.

California today is said to already have half of the total United States Southeast Asian population, and this secondary migration continues as more pour in daily; attracted by their relatives, California's lucrative welfare, the availability of foods and spices, and the general snowball effect that occurs as the word spreads that Little Saigon is almost as good as being "home."

Demographically--and here I will speak specifically about the Westminster area, because it appears to be very unique--the secondary migration has created a regathering of dominately upper-middle-class and upper-class former Vietnamese Heads of Government and military leaders.

Air Marshal and former Premier Ky, General Nguyen Vy, and a host of mayors, police chiefs, and military figures are examples. In 1982, we were host to Bao Dai, the last emperor of Vietnam, who is presently in exile in France.

A quick word about the people themselves is very helpful and interesting, because this is the very first immigration that involves a cultural group of people that is at the same time very similar to us and also quite different. By that I mean that we in America are "pure-bred Westerners." We are the example of Western thought, Western civilization, and we create Western philosophy by our daily activities and preferences.

The Vietnamese are of Eastern thought, religion, and philosophy. I am a law enforcement practitioner and not an academician; but, it has been helpful to me in understanding Vietnamese crime to remember a very few things about Eastern philosophy as it acts to predict Vietnamese behavior. These things are crucial to us in intelligence work and in establishing motives and suspect profiles when investigating violent crimes.

Now remember, that we -- all the rest of us in America today -- are Westerners: the Black Americans, Mexican Americans, Christians, Catholics, and Democrats. We all share compatible world views and thought.

Eastern philosophy is different, however. There are THREE main forces in Vietnamese culture, and these reflect directly on Vietnamese organized crime.

The first of these is BUDDHISM, which is the Eastern counterpart to our hard-work ethic, only it seems much more demanding. Basically, if you do not own a Mercedes-Benz yet; if you are impoverished; then you have no one to blame but yourself. My Buddhist associates will run circles around their Anglo business competitors, with very little sleep and a cut-throat approach to free enterprise and competition that is very interesting. One particular businessman explained to me that, "if American grocery store have competition with enemy store down street, everyone lower prices and lose much money. Vietnamese business owner sometime have quick idea, and burn down enemy store."

Parënthetically, the East/West difference sometimes is not so great: if you recall the Hell's Angels methods of eliminating competition and taking over street food vending in Northern California.

A second primary force in Vietnamese culture--a behavior predictor--is CONFUCIANISM. Everytime a detective shows me mug shots of more individuals identified in Vietnamese gang activity, I am reminded of the virtues sought by Confucianist practitioners. This amount of self-control, militaristic discipline, lack of emotion, and dedication would have made Che Guevara proud.

A Vietnamese professor told one of my detectives this was a curious disparity, wherein Confucian distaste for group behavior is being contorted to an absolute group identification and loyalty that will have to be addressed at sometime in the future in gang activity.

The third main force is TAOISM, as taught by the Master, LAO TZU. Taoism is the "YIN and YANG," the story of the willow tree outlasting the oak because it is more flexible. This is the KUNG FU thing so popular among Asian gangsters. Lao Tzu himself preached conformity to all government rules and emphasized getting along; but again, as culture changes in a migration and is adapted to the main goal of survival, we see a dramatic change. This dedication and persistence is a virtue that stymies many of our traditional police methods. Extortion victims tell us they know the gangsters can outlast police protection and will persist to retaliate against them at anytime in their future or even against their children to come.

With that as an introduction, I would like to move directly into some areas of great concern. The interest here is underscored by the fact that my office, in the past year alone, has been scrutinized by CBS, NBC, 20/20, 60 Minutes, and a collection of the major newspapers across the country, and most recently by the special broadcasting service in Australia, asking piercing questions about Asian organized crime.

Unfortunately, none of us have as yet, the data base or understanding as we did in the sixties, enabling us to construct detailed maps of territories and influences of all twenty-four Mafia families. It is a credit to this Commission that work is now being done to prove/disprove, confirm/deny the degree of sophistication among the Vietnamese criminal element.

The first group I propose for inquiry is the National United Front for the Liberation of Vietnam, or "The Front" as it is called. This is a nationalistic political organization whose stated violent goal is the overthrow of the Soviet Russia-supported Vietnamese government. This is an intra-state, inter-state, and international organization. Millions of dollars are collected and regulated by a broad-based organization.

My sources describe a dotted line, if not a concrete link, with a second organization known as "The Frogmen," and other military associations. "The Frogmen" is a loosely-knit organization that is claimed by some to be highly organized and heavily involved in questionable activities. "Frogmen" appears to be a generic term attached to military-trained, underwater demolition members of former association with U.S. combat troops during the Vietnam war. It is generic in that some Frogmen associates were, in fact, Air Force and Army.

The Liberation Front is very active throughout the country. My experience is, they are middle-class, middle-aged, with a past history of turmoil and violence that most Americans find difficult to comprehend. As a footnote, I would share with you our constant amazement at the level of violence the Vietnamese people, as a whole, are used to. The Liberation Front is comprised heavily of South Vietnamese military and government officials, who left their homeland in 1975. I would describe right now as "very strong" the rumors that the Front is recruiting an army within this country, with the eventual goal of armed resistance abroad. The activity of this organization began officially on March 8, 1982, with the hopes that a spontaneous reorganization will occur as they rise up in Vietnam against their oppressors and bring peace to their country. In the meantime in America, the money collection continues with the reported goal being the support of armed troops that may or may not be training in America and also fighting in the jungles of Vietnam. We are told that if you don't contribute to the "brownshirts," as they are called (due to their uniform), then you are called a communist. If this social pressure doesn't work, other means may be employed.

Leaders of this organization indicate they exist in all major cities of the U.S. with refugee populations.

In Westminster, The Front's Chairman, Mr. Hoang Co Minh, has made appearances to further the collection of monies from people in businesses in our area. The contributor may be asked if he would like to select how his money is to be spent: weapons; medicine; uniforms.

Westminster is the annual host of the largest TET Festival celebration by the Vietnamese in this country. TET is the Vietnamese New Year, the most festive of all their holidays. At the last TET Festival, the Liberation representatives explained to me they had 10,000 guerilla or freedom fighters reportedly in combat in Vietnam. They have tape-recordings of what is said to be live broadcasts accounting their progress from the jungles. The validity of the claims or the idea has little interest to me. Gentlemen, this is an army that is in our midst, and I submit to you we need to make some investigative inquiry.

From an organized crime perspective, I would also submit to you four immediate areas of concern: mail fraud; criminal conspiracy; income tax evasion, various crimes against persons.

Investigation of Vietnamese criminal activity is very difficult due to the language barrier, the lack of trusted interpreters, and the interplay of the three previously mentioned cultural differences between Western and Eastern thought.

In Orange County, California, we have been very fortunate to have made early inroads that seem to be giving us an overall edge. We have used the same undercover approach successful to stolen property and narcotics investigations, and have cultivated a small number of tested reliable informants.

I will briefly capsulize three investigations in which each provided a different view of the problem.

#### Dragon Lady Case:

In early 1982 intelligence sources kept referring to the Dragon Lady, a wealthy and highly feared influential component high in a structure that ran protection, extortion, and controlled prostitution with a hierarchy whose influence was area-wide.

The Lady was a gambler, with regular high stakes Chinese poker, or Mah-Jong games.

In the games, there are three concurrent pots: one was gold; the second U.S. currency; the third negotiable instruments. This is not necessary for Mah-Jong but was said to be a player's courtesy, lessening the traceability, or laundering, by a factor of three, the impact of any total take.

One victim in a series of games was fleeced over several weeks and got in over his head. He was beaten and extorted, but developed to be an informant; then ultimately turned into one of the first reliable, and most successful, Viet U.C. operators around.

After an extended investigation a sinister picture developed around the fear and influence of the organization and power we were dealing with. Following newspaper accounts of the case, additional confidential informants made contact. They were grateful and surprised people of this stature would be tackled by local law enforcement. By this, they referred to an international corporation from Cannes, France to Southern California. States witnesses required relocation and protection.

In a different case, in 1983, intelligence kept piecing together information about a group called Phila. Numerous unreported robberies and extortions were attributed to Phila.

To point out the language barrier created by Vietnamese as opposed to Spanish, Italian, or most other languages, the informants themselves could not agree on what Phila meant or stood for. One group said Phila was geographical; the ring-leaders came in from Philadelphia and Phila was a shortened version of this.

A second group pronounced it slightly different: Philong, which meant dragon, or the dragon gang, with influences in Los Angeles, San Francisco, and Seattle, Washington.

Skipping ahead for a second, in subsequent arrests, two soldiers disagreed with both these versions explaining that Phi meant to gallop as in a "Cowboy." The "LA" on the end was local geographic designation.

Despite the source, however, there was absolute agreement on several points: One; there existed multiple and autonomous cells of about four soldiers each. Two; each cell had a leader, but he did not know anything about any other cells. He did receive cold cars or other support as needed from them. Three; he had one contact point only, his lieutenant.

A cell of this organization was arrested in 1983 in an extortion of a Vietnamese singer. He was said to be the Viet Elvis Presley equivalent. The extortion involved threats to blow up the Hollywood Palladium during a Vietnamese performance.

Again, lacking the disposition and resources, this investigation was necessarily downplayed in terms of effort that can be made to prove or lay to rest the extent of criminality that may exist due to these groups.

The last case I will mention speaks to professional organization and huge sums of illegal criminal profits.

This was our California medical fraud operation.

Again, multiple sources described a concerted operation. Southeast Asians were said to fraudulently obtain medical doctor credentials and pharmacy degrees to augment other existing medical practitioners. The enterprise is massive fraud that could amount to hundreds of millions of dollars annually nationwide.

After a year-long investigation in California, we arrested and are prosecuting conspirators, doctors, and pharmacists from one end of the state to the other in the largest fraud of this type culminating in one single operation in the state. The day-long arrests reeled the Vietnamese and medical community alike.

I wish to emphasize again that without our intelligence sources and Vietnamese operators themselves the cultural barrier could not have been penetrated.

The same sources that steered us to that area say the identical operation exists elsewhere in the country.

Equally important as undercover operatives are information sources.

For example: In January, 1984, our agency made contact with informant "V-10," on an extortion case involving a restaurant. In subsequent interviews, informant V-10 added to our respect for the extent of the problem in the western United States. On February 7, 1984, informant V-10, in an unusually cooperative rapport with one of my detectives, explained that he still felt a lot of pride for his work with the American Forces in Vietnam. Informant V-10 was on the team that guarded President Diem. Informant V-10 explained the extremely high mobility of Vietnamese gangsters; to the extent that an associate of his, who was Navy Frogman-trained, operates routinely between San Jose in northern California; Houston, Texas; and completing the triangle with criminal activities, in San Diego at the southern tip of the state.

Informant V-10 explained why he had started his own protection service. From his point of view, what we call protection racketeering and extortion was a

simple pragmatic solution to law enforcement's lack of willingness to see the nationwide scope of the problem. We are impressed because, at that time, we had just started active communication between ourselves and San Jose, California, after having learned that the Vietnamese commute the length of the state or from California to Texas as most of us would drive from work to home. The investigatory challenges presented by this degree of criminal mobility is a dimension to organized crime previously unforeseen.

Informant V-10 dispensed with police ability to solve the problem by informing us that after a "hit" is made, the Vietnamese have learned they can take refuge in Tijuana, Mexico without fear. V-10 confirmed other information that a large portion of all businesses in any city in any state with Vietnamese refugee population is paying extortion to various groups of various degrees of organization and complexity. V-10 confirmed that extortion pickups are often made by juveniles because of our lax treatment of juvenile offenders; that our prison system is no deterrent to the "boat-people" who are soldiers and functionaries in the gangs; and that the massive welfare system in this country is perceived by the Vietnamese to be a homegrown version of foreign aid they received pre-1975 in Vietnam. An observation was shared that the Vietnam war was also an economic war and that it didn't end--it was relocated and continues today.

## NEWSWORTHY INFORMATION:

### Thoughts for the Future

I have some grave concerns I will share briefly with you; but first let me assure you I am not speculating in "worst-case scenarios," nor am I playing "devil's advocate" or indulging in cynicism, or being negative.

On the contrary, I am revealing to you what we in police administration rarely do, and that is our the limitations, weaknesses--and yes, fears.

California law enforcement has a problem some of you may relate to; and it's called "Budget." We have restrictions on manpower and deployment that have hamstrung our collective ability to even get a grasp on the extent of the problem. No agency presently has the capability of monitoring or surveilling a crime pattern that is routinely interstate.

Washington columnist Jack Anderson wrote that...his associates, Donald Goldberg and Corky Johnson, spent several months investigating the Vietnamese Mafia."

He goes on to say ". . .they have pieced together the story of an ethnic crime organization that is growing in power and terror."

My concern is that we analyze our priorities and reorganize to critically assess the nature and scope of the problem. This will require a level of inter-agency cooperation previously unexperienced. It will also require improved and quicker processes for the sharing of intelligence information--a rebirth of intelligence, if you will.

## STATEMENT OF JAMES BADEY

I have been a police officer since 1968. I have worked eight years in uniform on the street, three years as a vice/narcotics investigator, three and one-half years in white collar and burglary investigations and, for the past 15 months, I have worked exclusively as an investigator in the Vietnamese Community in Arlington County, Virginia.

As a result of the news media coverage of several incidents of violence in the Vietnamese community by fairly young Vietnamese males during the summer of 1983, I was assigned by my Chief of Police to investigate, analyze, and evaluate the Vietnamese community. A major concern was to determine if there was any truth to the media's allegations of "Vietnamese youth gangs".

Arlington County has approximately 8,000 Vietnamese residents, but contains the Vietnamese business center for the whole of the metropolitan Washington, DC area, which has about 25,000 Vietnamese residents. This centralized business center is approximately one quarter mile long and contains 25 to 30 businesses which are of the retail sales variety, including jewelry stores, fabric and tailor shops, grocery stores, furniture stores, and sundry stores. New service-oriented businesses such as accountants, insurance agents, publishers, and medical are beginning to be established in this area.

I went into this business community in an overt open manner. The message I brought was that I was the police. I was here to enforce the law to the benefit of those who wanted to cooperate and to the detriment of those who chose to violate the law.

After two months of intensive interaction with all groups within the community, I reported to my Chief that, in essence, there were no organized gangs with any definite leader or goal or discipline structure, but the potential for serious gang type activity and subsequent organized criminal activity was there in force. I recommended to the Chief that he continue the program of having a criminal investigator assigned solely and specifically to the Vietnamese community. The job was given to me.

I have found very strong similarity in comparing the criminal activities in the Vietnamese community with the criminal activities of the Mafia (when the Mafia was at the same stage in the 1930's as the Vietnamese are now in the 1980's). In our greater metropolitan area we have loosely knit groups attempting to assert themselves as the "main" gang. At the same time certain individuals are considered to be the "leaders" because of their personality, charisma, and the status they have gained as a result of contacts with the police and the judicial system in general. No one or two particular groups have yet emerged as being in control of any certain enclave, but there are ongoing struggles which point to the eventual emergence of two or three groups as being in control of certain areas. There have been many instances throughout the metropolitan area involving Vietnamese as the victims of arson, assault, burglary, extortion, murder, and robbery in which the victim or his associates have

not made reports to the police or, if they have, indicate they do not wish to prosecute, that they know which Vietnamese "gang" committed the act, and that they would handle it themselves in due time.

I have personal knowledge of major frauds, major gambling operations, loan sharking, narcotics activities, and prostitution taking place.

From information gathered and analyzed about one particular loosely knit group of hoodlums, it appears that the group received their instructions from a person in his early 40's who is gainfully employed in a legitimate enterprise of some sort who thought that this legitimate employment would insulate him from suspicion. This group has been broken up. Some of its members are still engaged in peripheral criminal activity, others have straightened up, while several others have fled the area and are presently wanted for various offenses. It is noted here that the 40 year old man allegedly behind them has a very close relative who has a criminal record well known to Law Enforcement authorities in Southern California. And both of these individuals are well known in other Vietnamese communities in the United States.

We in Law Enforcement who have had the unique experience to devote our full time to criminal activities in the various Vietnamese communities have learned that familial ties are not weakened by the expanse of this nation. But rather they use the

the US at first, and especially those who came to the Washington, DC area, were the high ranking political, military, and business leaders. They had the education, the means, and the contacts to establish themselves. This class of people does not commit the highly visible, violent, and low level crimes which are sometimes called "tactical and strategic" crimes. But it is this class of persons which gets involved in the illegal businesses. The latter influx (the less educated and those with no job skills) have brought with them the tactical and strategic crimes which we are now beginning to experience.

To summarize what I have found -- we have a highly mobile, closely knit, ethnic subculture with a violent history which has shown a unique capacity to adopt what they see as best serves their interests together with a willingness to do what is necessary to survive. They are manipulative and much more knowledgeable of our customs and traditions than we are of theirs. They use this to their advantage to get what they want.

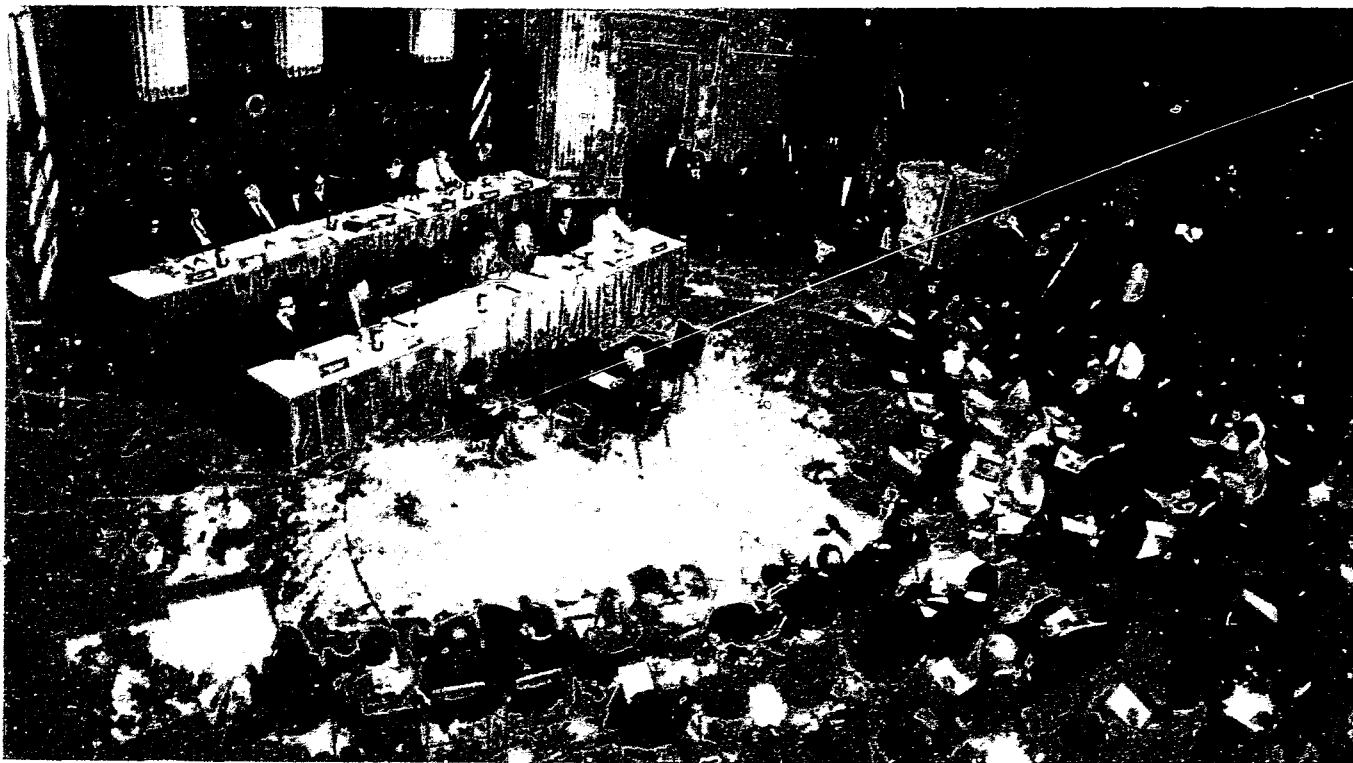
My prognosis of the situation is plain and simple. If the Vietnamese criminal element is allowed to continue unchecked or only moderately checked we shall have, in the not too distant future, a well defined, highly sophisticated, organized crime machine which when compared to the Mafiosa will make the Mafiosa look like a fraternity of wimps.

In my eyes I see no alternative for this Commission other

than to strongly recommend the formation of a national task force comprised of federal and local law enforcement personnel joined together in a non-competitive fashion putting aside individual agency priorities and jurisdictional limitations and replacing them with the mutually defined goal of preventing the formation of another national crime organization.



Commission Executive Director James D. Harmon Jr. conducts the pre-hearing press briefing.



Attorney General William French Smith describes progress against organized crime and continuing efforts to deal with its growing international scope.



Attorney General William French Smith testifies.



Commission Chairman Judge Irving R. Kaufman (center) confers with his assistant Arthur Amron (left) and Arthur P. Brill Jr., Commission Director of Public Affairs, during a recess in the hearing.



Fenton Bressler, legal correspondent for the *London Daily Mail* and author of several books, including "The Chinese Mafia," testifies on that subject.

**HIP SING**

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Entrance to the Hip Sing Tong in Chicago.

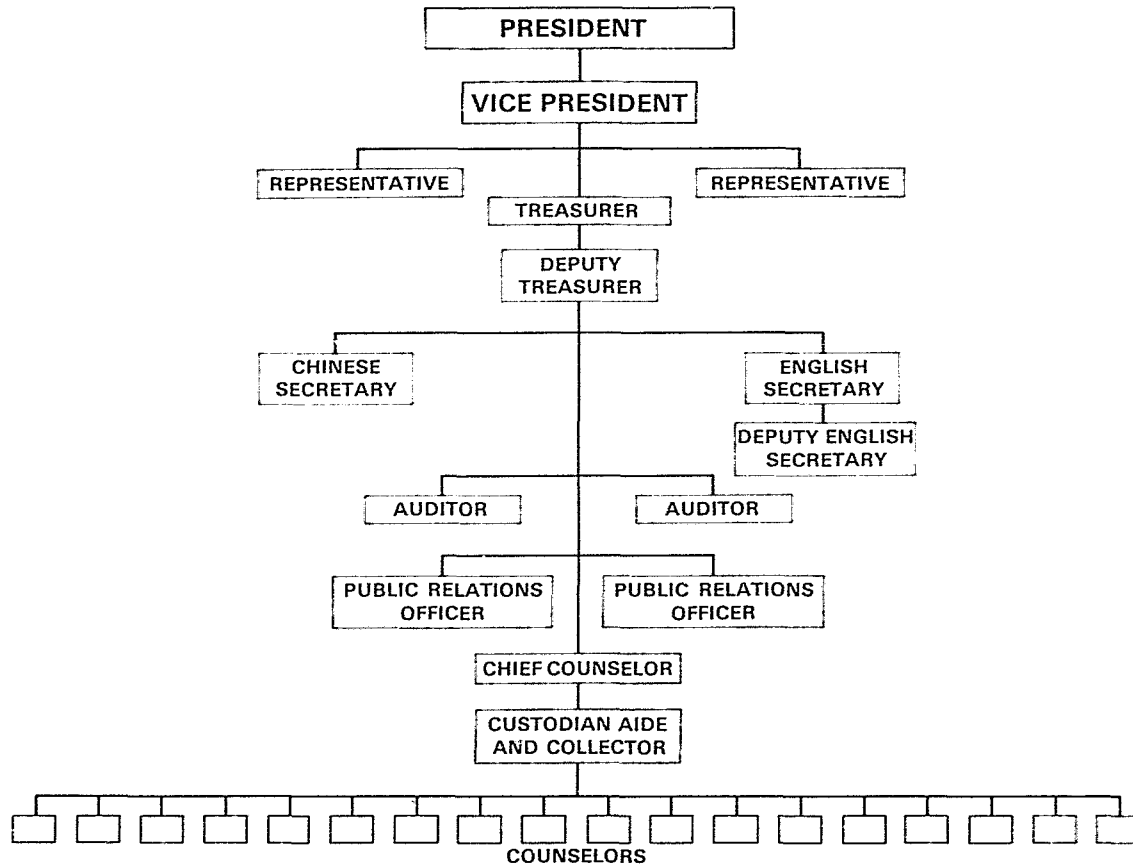


Hidden from view behind a screen, an insider witness tells of his involvement in Chinese organized crime.



Sergeant Barry Hill of the Toronto Police Department testifies on the activities of Chinese organized crime in North America.

# TONG OFFICER'S HIERARCHY\*



\*INDIVIDUAL TONG HIERARCHIES MAY VARY

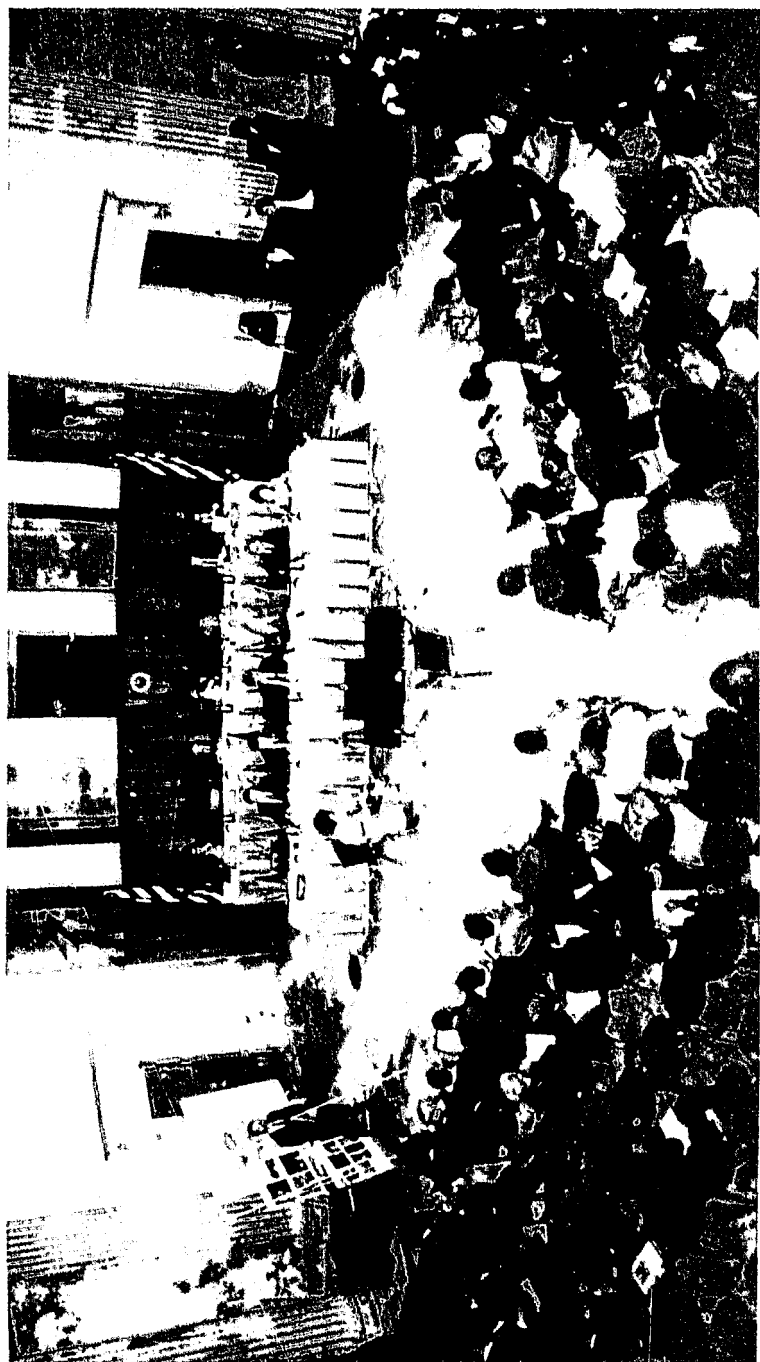
Typical organization chart of Chinese Tong society's officers.



Envelope used by Chinese criminal groups to collect extortion money.



Law enforcement officers testify on Chinese organized crime activities in their communities. They include (closest to camera) Joe Carone, Chicago Police Department; next to him is John McKenna, San Francisco Police Department; to his left is David Williams, staff investigator for the Commission. Hidden from view are Special Agent John Feehan, Drug Enforcement Administration, and Inspector Ray Chenault, Oakland, California Police Department.



The Commission calls its next witness on the second day of the hearing.



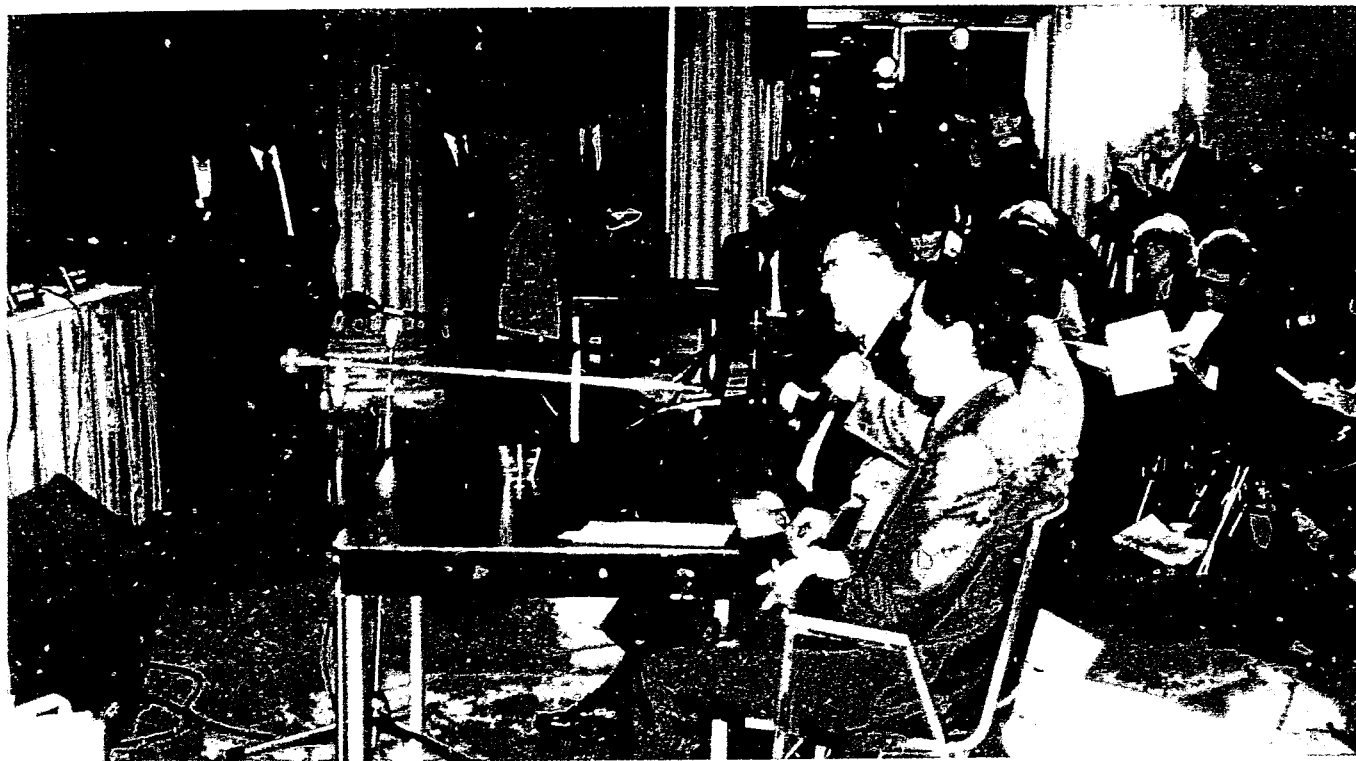
Richard Weijenburg (left) and Arie Bax of The Netherlands describe their country's experience with Chinese organized crime.



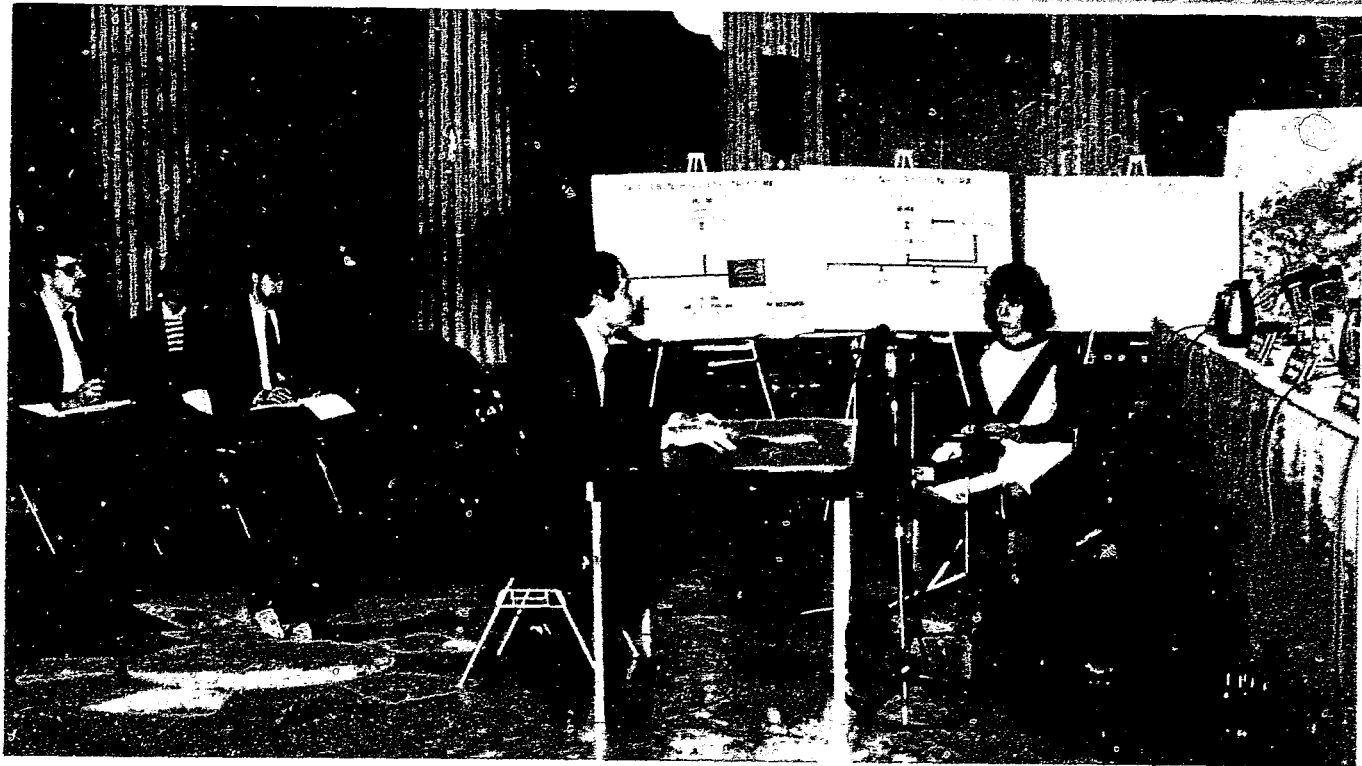
A man lies dead as a result of Chinese youth gang warfare in Hawaii.



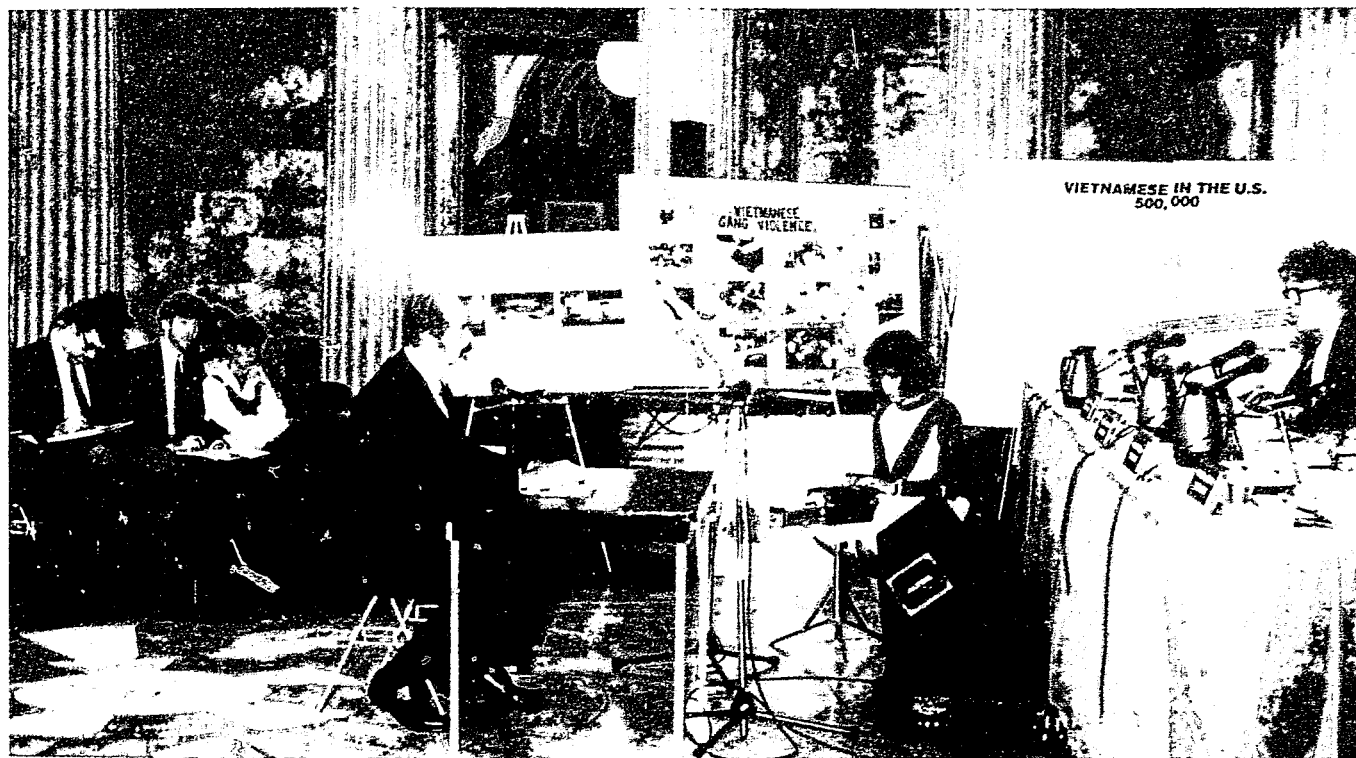
Detective Tony Chan and Chief Jon Elder (hidden) of Monterey Park, California describe Chinese organized crime in that city.



Detective John McKenna (left) of the San Francisco Police Department, Bernard Ching (hidden) of the Honolulu Police Department, and George Min of the Los Angeles Police Department describe the activities of the Japanese Yakuza in their cities.



Ronald Goldstock, Director of the New York State Organized Crime Task Force, details his analysis of Oriental organized crime and how it compares to the La Cosa Nostra.



Lt. Kenneth Adair of the Garden Grove, California Police Department describes the immigration of Vietnamese crime groups.



A Vietnamese gang member practices his marksmanship with an M-16.



Police officers detail Vietnamese organized crime in their communities. They are (from right to left) Sgt. Jack Willoughby, New Orleans; Officer Robert Casey, Houston; Sgt. Jerry Ellis, Houston; Capt. Donald Saviers, Westminster, California; and (hidden) Detective James Badey, Arlington, Virginia. Thomas McNulty, Commission Deputy Counsel, (at right) questions the witness.