

U. S. DEPARTMENT OF JUSTICE LAW ENFORCEMENT ASSISTANCE ADMINISTRATION		DISCRETIONARY GRANT PROGRESS REPORT	
RECIPIENT Arizona State Department of Public Safety		LEAA GRANT NO. 73-DF-09- 0013	DATE OF REPORT 4/24/74
IMPLEMENTING SUBGRANTEE Arizona State Justice Planning Agency		TYPE OF REPORT <input type="checkbox"/> REGULAR QUARTERLY <input checked="" type="checkbox"/> SPECIAL REQUEST <input checked="" type="checkbox"/> FINAL REPORT	
SHORT TITLE OF PROJECT Organized Crime Strike Force		GRANT AMOUNT \$103,058	
REPORT IS SUBMITTED FOR THE PERIOD April, 1972		THROUGH April, 1974	
SIGNATURE OF PROJECT DIRECTOR		TYPED NAME & TITLE OF PROJECT DIRECTOR James J. Hegarty, Director Az Department of Public Safety	

CONTINUE REPORT HERE (Add continuation pages as required)

(See Attachment)

35320 DUP

Operations

RA \_\_\_\_\_  
DRA \_\_\_\_\_  
FD Wormington  
FIN \_\_\_\_\_  
OPS \_\_\_\_\_  
AZ \_\_\_\_\_  
CA \_\_\_\_\_  
HI \_\_\_\_\_  
NV \_\_\_\_\_  
AS 78M  
GU \_\_\_\_\_  
GM 5/11/74  
PA 4/30

SEC \_\_\_\_\_  
DATE: \_\_\_\_\_

File: 73-DF-09-  
0013

ED BY GRANTEE STATE PLANNING AGENCY (Official) <u>James J. Hegarty</u> AZ State Justice Planning Agency	DATE 4/24/74
---	-----------------

DEPARTMENT OF LAW  
OFFICE OF THE  
*Attorney General*  
STATE CAPITOL  
*Phoenix, Arizona 85007*  
April 23, 1974

GARY K. NELSON  
THE ATTORNEY GENERAL  
  
FRANK SAGARINO  
CHIEF ASSISTANT ATTORNEY GENERAL

Mr. Albert N. Brown  
Executive Director  
Arizona State Justice Planning Agency  
Continental Plaza Building, Suite "M"  
Phoenix, Arizona 85015

Re: Summary of Strike Force Activities --  
April, 1973 - April, 1974

Dear Mr. Brown:

Ronald L. Crismon began working with the Strike Force on November 5, 1973, as the new Chief Attorney. Two new attorneys joined the Strike Force subsequent to submission of our last report -- Robert S. Golden on August 27 and Christina J. Peterson on September 4.

The following is a summary of the activities of the Strike Force, exclusive of intelligence gathering, filing, analyzing information and other routine activities.

I. LAND FRAUD

A. GOLDEN WEST UTILITIES CORPORATION

The Strike Force is preparing to go to trial on eight counts of grand theft by false pretenses against Morton Seltzer, former president of Golden West Utilities Corporation. Trial is set to commence May 30 before Judge Heineman in Maricopa County.

Two witnesses in the Seltzer prosecution may be charged upon disposition of the Seltzer case because of their activities in Marketing Specialists, Inc. These two individuals were at one time officers in Golden West. About the time Golden West began to fold, they broke away to form Marketing Specialists, Inc. The modus operandi of this company was essentially identical to that of Golden West Utilities. They utilized a false appraisal to perpetrate their fraud and preyed upon many of the same people who had been victims of Golden West Utilities.

B. THUNDERBIRD VALLEY, INC.

At the last meeting of the Crime Prevention Council a letter was circulated from Ron Greenhalgh, Graham County Attorney. The Strike Force was requested by Greenhalgh to look into the activities of this company, as it appeared to be engaged in fraudulent activities. The Strike Force ascertained that the Pima County Attorney's Office had already begun an investigation into Thunderbird Valley. Thereafter, the Pima County Attorney's Office and the Strike Force have correlated their efforts in investigating Thunderbird Valley. In recent months a change of personnel in the Pima County Attorney's Office resulted in a new attorney being assigned to Thunderbird. Although some preliminary investigation has already been done by the Strike Force, in conjunction with Pima County and also the State Real Estate Department, investigation has slowed to a fact-gathering approach, awaiting further leads and completion of case review by the deputy Pima County Attorney. Last week HUD enjoined Lowell Johnson, president of Thunderbird Valley.

C. WESTERN LAND SALES COMPANY

The people involved in Western Land Sales Company and the fact that much of the company's "paper" and parcels of land have filtered into other highly questionable companies aroused the suspicion of the Strike Force and the Arizona State Real Estate Department. Jacob Hood is president of Western Land Sales. His attorney has already consulted with the Strike Force. It appears that Jacob Hood, while being president of the company, may actually be subordinate to other individuals. The names of those who may in some manner be connected with the company include: Robert Cleveland, Alex Hoeffler, Allan Besbris, Marcus Bauman, Robert Howard and Lowell Johnson.

The Strike Force investigators have conducted preliminary investigations and a file has been set up.

D. Requests by other agencies for information regarding land fraud or other areas of organized crime:

1. FBI

The FBI is investigating the possibility of bringing security violation, mail fraud and bankruptcy fraud charges against Golden West Utilities Corporation.

2. Consumer Protection Division of the Attorney General's Office

The Strike Force and the Consumer Protection Division frequently exchange information on land companies of mutual interest.

3. New Mexico Strike Force

In June our office was visited by Sam J. Papich, the head of the newly created Governor's Organized Crime Prevention Commission of New Mexico. We assisted Mr. Papich by demonstrating various techniques and systems that we have set up and also took him on a tour of the intelligence divisions of the Arizona Department of Public Safety and the Phoenix Police Department.

4. The News Media

The Strike Force has helped to create a public awareness of land frauds throughout the State by working with reporters in various news media. This has resulted in several newspaper articles being published and a daily series on land frauds being broadcast by one of the local radio stations.

II. OTHER AREAS INTO WHICH THE STRIKE FORCE HAS BEEN REQUESTED TO LOOK

A. INDIAN JEWELRY

The Strike Force investigators have been actively looking into this area of criminal activity. The Strike Force has met with the four FBI agents assigned exclusively to Indian jewelry.

In an effort to improve the Indian jewelry theft situation in Arizona, the Strike Force, through its Bulletin, promoted the identification scheme found to have been so successful in Coconino County. The Tucson Police Department has expressed strong interest in the identification program.

B. AUTOMOBILE INSURANCE FRAUD

An investigator for the Insurance Crime Prevention Institute requested that the Strike Force look into

Mr. Albert N. Brown

Page 4

April 23, 1974

insurance fraud in the State involving the staging of automobile accidents for the purpose of creating false personal injury claims.

While the investigator had information showing extensive organization in California, including participation and connivance of doctors, lawyers and, at times, adjusters, the information related to the Strike Force about Arizona operations did not indicate such a sophisticated scheme.

The investigator told of two brothers, students at ASU, and at least two other persons who have been involved in at least seven accidents between June, 1969, and November, 1972. He had no evidence indicating the participation of doctors, lawyers, auto repair shops, or the existence of phony companies to write wage-loss statements. Rather, all the claims involved were relatively small, indicating a desire for quick settlement. Additionally, the doctors used were reputable M.D.'s. For these reasons, it appeared that the claims were relatively isolated and sporadic and no great amount of organization was behind the frauds. Further investigation might, of course, reveal a more intricate operation than now appears.

C. TUCSON CARRIAGE HOUSE

The Arizona State Real Estate Commission and the Pima County Attorney's Office requested that the Strike Force look into the Tucson Carriage House, an apartment building being converted into condominiums by the Michael Field Company. Michael Field, president, may have used the alias, Michael Free. On February 1, the Arizona State Real Estate Commission had ordered the company to cease and desist selling condominiums, as State requirements to sell had not been met. The company acted in violation of that order. Other information provided to the Strike Force indicates the existence of possible extortion, embezzlement, solicitation of prostitution, and fraud charges. Strike Force investigators have done preliminary investigation into the case.

D. JOSEPH BONANNO, JR.

At the request of the United States Attorney's Office, the Strike Force reviewed the transcript of the District Court trial of Joseph Bonanno, Jr. and Art Grande, Jr.,

to see if State charges should be filed. On April 11, the Strike Force met with the Pima County Attorney's Office to discuss bringing charges of obtaining money by false pretenses or, in the alternative, conspiracy to commit murder against Bonanno and Grande. These charges arise out of a factual situation for which both were prosecuted in federal court and found guilty by the jury but acquitted by the judge notwithstanding the verdict. Whether the witnesses necessary to the prosecution would be cooperative must yet be determined. Bonanno is currently in prison serving a five-year sentence for another offense and is expected to be released in approximately three years.

### III. RESULTS OF PREVIOUS EFFORTS:

#### A. WIRETAP

The telephone wiretap, conducted last fall, obtained by the Strike Force for the Narcotics Division of the Department of Public Safety, has resulted in the indictment and arrest of numerous persons by both State and Federal authorities. Defendants have not yet gone to trial.

Inquiries have been made by the Scottsdale Police Department and again by the Department of Public Safety about obtaining wiretaps in other investigations; none have been obtained, however.

#### B. WILLIAM KAISER

The Strike Force brought its first target subject, an interstate boat theft ring, to trial in Maricopa County Superior Court in August of 1973. The three-day jury trial did not result in a conviction, due largely to uncooperative and hostile witnesses. One of the men, William Kaiser, was indicted by the Maricopa County Grand Jury this month for perjury arising out of statements made about his financial condition during the prior criminal proceeding. The information obtained from the Strike Force investigation was supplied to the United States Attorney's Office in Las Vegas, Nevada, and was instrumental in their case against the defendant.

#### IV. OTHER ACTIVITIES OF THE STRIKE FORCE

##### A. BLIND TRUST BILL

Ron Crismon testified before the Senate Subcommittee about the need of law enforcement to know the contents of "blind trusts". His suggested modifications to S.B. 1076 were adopted. The bill, at this writing, has passed the Senate and is in the Rules Committee of the House.

##### B. STATE-WIDE INVESTIGATIVE GRAND JURY

Testimony was presented to the Legislature on the desirability of this investigative tool in the fight against organized crime.

##### C. RACING COMMISSION

The Strike Force has acted as coordinator between the Racing Commission and the Pima County Attorney's Office.

The Strike Force, in cooperation with the Federal Bureau of Investigation and the Arizona Racing Commission, obtained indictments July 17, 1973, against two California men for having fixed a horse race in Prescott, Arizona. The men were charged with "affecting the outcome of a horse race on June 3, 1973" by racing the horse Kevy D under the name of Faultaway. The trial, to be held in Prescott, will be tried by Stanley Patchell due to his involvement in and familiarity with the investigation of the case.

##### D. TRIAL AND APPELLATE ARGUMENT EXPERIENCE

In order to gain experience in litigation, Christina Peterson and Rob Golden, Strike Force attorneys, tried a case in Prescott which the Yavapai County Attorney was unable to prosecute due to a conflict of interest.

Strike Force attorneys have also made several arguments before the State appellate courts, speeches to civic groups and lectures to DPS training classes.

V. PUBLICATIONS

A. WIRETAP MANUAL

The Strike Force has completed a manual on wiretapping surveillance. This publication has necessitated a great deal of research and numerous consultations were held with wiretap experts in federal, state and county offices. This booklet will be distributed to the law enforcement agencies in Arizona to assist them in preparation of future wiretaps.

B. BOOK OF NEWS ARTICLES ON ORGANIZED CRIME

The Strike Force compiled and published a book of over 200 pages of news articles which have appeared in the past few years concerning the Arizona organized crime problem. The articles were indexed to show the individuals and organizations mentioned. This publication was done as part of a L.E.A.A. grant requirement but has proven useful to other agencies in reviewing the scope of organized crime in Arizona.

VI. LIASON

Strike Force lawyers have continued to work to maintain a working relationship with federal and state law enforcement agencies in Arizona, as well as in other states. This is done by meeting personally with the different agencies to discuss law enforcement problems in their area. An intelligence bulletin is also published and disseminated to the different law enforcement agencies to help keep them abreast of problem areas in other jurisdictions. Attendance at seminars also provides an opportunity to meet personally.

The following seminars were attended by Strike Force lawyers:

1 Lawyer	Advanced Organized Crime Seminar	July 22-25, 1973	New Orleans, Louisiana
3 Lawyers	Organized Crime Seminar "The Influence of Org. Crime in America"	Sept. 19-21, 1973	Carefree, Arizona

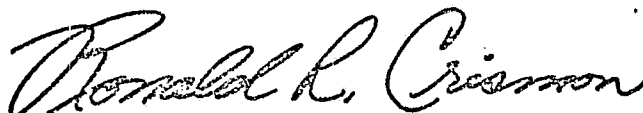


Mr. Albert N. Brown  
Page 8  
April 23, 1974

2 Lawyers	Organized Crime Seminar "Surveillance"	Nov. '28-30, 1973	Carefree, Arizona
3 Lawyers	Criminal Code Revision	Jan. 16-18, 1974	Arizona State Univ., Tempe
1 Lawyer	Trial Tactics Seminar	Feb. 3-7, 1974	San Diego California

Yours truly,

GARY K. NELSON  
The Attorney General



RONALD L. CRISMON  
Chief Attorney, Strike Force

RLC/fn

## DEPARTMENT OF LAW

OFFICE OF THE

*Attorney General*

STATE CAPITOL

*Phoenix, Arizona 85007*

May 9, 1973

MAY 11 1973

GARY K. NELSON  
THE ATTORNEY GENERALFRANK SAGARINO  
CHIEF ASSISTANT ATTORNEY GENERAL

Mr. Albert N. Brown  
Executive Director  
Arizona State Justice Planning Agency  
Continental Plaza Bldg., Suite "M"  
Phoenix, Arizona 85015

Re: Summary of Strike Force Activities --  
April, 1972 — April, 1973

Dear Mr. Brown:

This summary is exclusive of target subject preparations and intelligence gathering, filing, analyzing, etc., which are considered the routine activities of the Strike Force.

The Strike Force lawyers have been involved in and are responsible for various areas of activity, which include learning, teaching-training, publishing, public relations and trial-appeal work, as well as the routine Strike Force activity.

Strike Force lawyers have attended the following schools and seminars:

1 Lawyer	National College of District Attorneys	1 month	Houston, Texas
1 Lawyer	Southwestern Law Enforcement Seminar	4 days	Reno, Nevada
1 Lawyer	Seminar on Organized Crime	3 days	Wickenburg, Arizona
1 Lawyer	Seminar on Gambling	3 days	Wickenburg, Arizona
3 Lawyers	Seminar on Pornography	2 days	Phoenix, Arizona

Mr. Albert N. Brown  
Page 2  
May 9, 1973

Strike Force lawyers have taught or lectured for the following organizations:

DPS Training -- Case Law and Recent Criminal Decisions

DPS Training -- Organized Crime

DPS Training -- Mock Trial

BNDD -- School, Tucson - Organized Crime

Public High School Classes -- Organized Crime and the Criminal  
Justice System

Various Civic Groups -- on Organized Crime and the Criminal  
Justice System

Strike Force lawyers prepared and put on a Seminar on Pornography and Organized Crime, which was held in Phoenix on January 4 and 5 and was attended by approximately 100 police and prosecutors from throughout the State. Two lecturers from the National Legal Data Center appeared on this program.

Strike Force lawyers have developed and maintained a working relationship with some 100 Federal and State law enforcement agencies, and we attempt to meet face-to-face with each agency at least twice a year. We also try to keep informed as to how the public feels about our particular field of endeavor by talking with organizations and individuals such as the Chamber of Commerce and newspaper reporters. We have visited offices of various Organized Crime Strike Forces throughout the United States, and especially on the West Coast, in order to develop and maintain a working relationship with them and to learn from their experiences in our field.

Strike Force lawyers attend the monthly meetings of the Armed Forces Disciplinary Control Board and the Arizona Investigator's meetings. We are also involved as one of the moving forces in the establishment of the National Organized Crime Prosecutors' Association, an organization which has as its objective the fostering of cooperation among agencies.

Mr. Albert N. Brown  
Page 3  
May 9, 1973

Strike Force lawyers have talked with several superior court and appellate court judges on the issuance of wiretap and pen register orders, and have drafted petitions for such orders. We prepared the wiretap order for an outside agency which was instrumental in the seizure of 300 kilos of marijuana and the arrest of four individuals.

We have prepared and tried cases in Maricopa, Pinal, Santa Cruz, Yavapai and Yuma counties in assistance to the local prosecutors.

The Strike Force publishes a monthly intelligence bulletin which goes out to 91 law enforcement organizations and is assigned to be received by one particular individual in that organization. This bulletin also contains special information sheets which may be disseminated generally to the officers of any department.

We have prepared a Handbook on Statutory Crimes which is now being published and which will be distributed to all law enforcement and prosecutorial agencies throughout the State, as well as to all officers of the Department of Public Safety -- a total of about 1,200 volumes.

We are assisting the Arizona Racing Commission in handling some of its criminal charges and were present during the Emprise hearings before the Commission.

We have also been consulted by the State of Arizona Compensation Fund in some criminal matters arising out of fraudulent claims.

We are currently assisting the Attorney General and the Criminal Division in the overload of appellate case work. This in turn provides us with experience in appellate matters. We have argued matters in the Court of Appeals and the Supreme Court and have handled habeas corpus matters in the Superior Court, as well as handling Responses to Petitions for Writs of Habeas Corpus in the Federal District Court.

The Strike Force, in its winding up of the investigation-prosecution of the first target subject, was instrumental in the recovery of six (6) boats and a camper, which were valued in excess of \$30,000.

Mr. Albert N. Brown  
Page 4  
May 9, 1973

The investigation itself took many months and resulted in three individuals being indicted in Arizona and the same three, plus a fourth man, being indicted by the Federal Grand Jury in Las Vegas, Nevada.

The cooperating agencies in the interstate boat theft case were the Strike Force, the Arizona Department of Public Safety, the Phoenix Police Department, the Scottsdale Police Department, the Federal Bureau of Investigation, and the Maricopa County Attorney's Office.

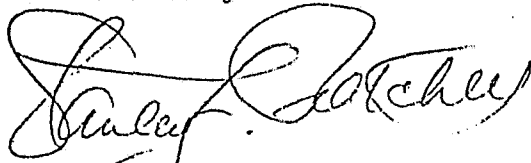
Because of delays in getting the arrestees to trial, there have been no convictions insofar as the boat case is concerned. However, the new trial date is June 6, 1973.

The Strike Force investigators have been concerned in an out-of-town undercover investigation for the six months of November through April and have had to conceal their identities during this time. This type of investigation is very time consuming and is especially difficult to continue for such long periods of time.

Again, this summary is not intended to be exhaustive of all the Strike Force activities but is made to give you a general idea of the types of things which are being accomplished.

Yours truly,

GARY K. NELSON  
The Attorney General

A handwritten signature in dark ink, appearing to read "Stanley L. Patchell", written over a horizontal line.

STANLEY L. PATCHELL  
Chief Attorney, Strike Force

SLP/fn

ARIZONA STATE JUSTICE PLANNING AGENCY

CONTINENTAL PLAZA BUILDING, SUITE M  
5119 NORTH 19TH AVENUE  
PHOENIX, ARIZONA 85015  
TELEPHONE (602) 271-5466

JACK WILLIAMS  
GOVERNOR

ALBERT N. BROWN  
EXECUTIVE DIRECTOR

April 24, 1974

LEAA - Region IX  
1860 El Camino Real  
Burlingame, CA 94010


Attn: Frank Maes, State Representative

Rè: Discretionary Grant 73-DF-09-0013  
Arizona Organized Crime Strike Force

Dear Frank:

Forwarded for Regional files are three copies of Discretionary Grant Progress Report covering cumulative operations of the Arizona Strike Force to April, 1974.

Sincerely,

  
Duane D. Carlson, Supervisor  
Judicial Programs Unit

DDC/dsk

Enclosures

**END**

7 *Ables/men*