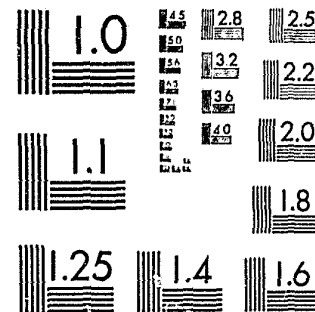


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11/4/83

SPECIAL PROSECUTIONS UNIT



Office of the Attorney General
California Department of Justice
George Deukmejian, Attorney General

89689

REPORT/MAY 1982



SPECIAL PROSECUTIONS UNIT

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This report on the activities of the Special Prosecutions Unit of the California Attorney General's Office has been prepared to acquaint you with some of the prosecution efforts of the Unit during 1981.

I am pleased to be able to present this summary. The experience reflected in the pages of this report is that a specialized prosecutions unit working at the state level to deal with multijurisdictional criminal problems is both necessary and effective.

After you have reviewed the material, I invite your comments and urge you to bring matters which you believe would fall into the jurisdiction of the Special Prosecutions Unit to the attention of the team in your geographic area.

Most cordially,

George Deukmejian
GEORGE DEUKMEJIAN

I. Introduction

The Special Prosecutions Unit was formed by Attorney General George Deukmejian to discharge the statutory mandate given to the Department of Justice of "[i]nitiat[ing] and participat[ing] in the prosecution of individuals and groups involved in organized crime activities." The Unit is comprised of six attorney-agent teams, with a team consisting of one Deputy Attorney General and two Special Agents. For statewide operation, teams are located in Sacramento, San Francisco, Los Angeles and San Diego.

The goals and objectives of the Special Prosecutions Unit have been formulated to comply with the Department's statutory mandate and to meet the recognized need for combating organized, multi-jurisdictional criminal activity at the state level. These goals and objectives include the initiation and participation in the prosecution of 1) syndicated organized crime figures and their associates; 2) members of other recognized organized crime groups; 3) individuals and groups engaged in economic or white collar crime that is conducted in a multijurisdictional setting and having a substantial monetary impact upon the citizens of this state; and 4) individuals and groups engaged in major narcotic trafficking.

II. Summary

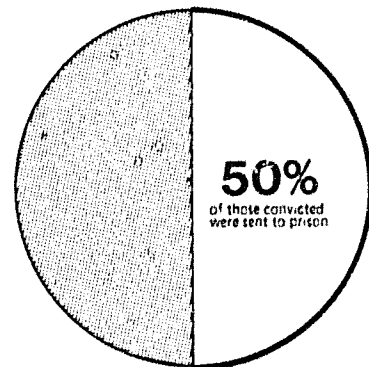
Since becoming operational in October of 1979, the Special Prosecutions Unit, through April of 1982, has initiated and/or participated in 52 criminal prosecutions. Prosecutions have resulted in the conviction of 62 defendants of 153 felony counts.

Of those convicted, 50 have been sentenced and received the following disposition:

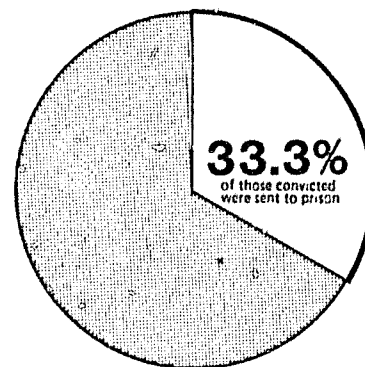
23 state prison
2 federal prison
20 state felony probation
5 federal probation

Fifty percent of those sentenced thus far have received terms in either state or federal prison. This commitment rate is considerably higher than the statewide rate of approximately 33 percent.

SPECIAL PROSECUTIONS UNIT



OTHER



The success of the Unit can also be measured by the fact that 90 percent of the cases accepted for prosecution ended with convictions being obtained.

The Unit was involved in state prosecutions in 17 different counties, and participated in two federal prosecutions in the Central and Southern District, respectively.

Among those prosecuted by the Special Prosecutions Unit were 14 organized crime members or associates. Six major narcotic rings were also broken up and those involved prosecuted either for the sale or production of controlled substances. Additionally, several major fraud prosecutions were undertaken involving losses ranging from \$300,000 to \$40 million.

Some of the cases concluded in 1981 and a number of pending prosecutions are discussed herein.

III. Prosecutions Concluded

San Diego Organized Crime Ring

Frank Debbas and members of his crime ring have been convicted in the San Diego County Superior Court on charges ranging from conspiracy to commit burglary, conspiracy to sell controlled substances, to soliciting the commission of robbery. The charges were brought following a two-month joint investigation by the Department's Bureau of Organized Crime and Criminal Intelligence and the National City Police Department.

Debbas, an associate of the late organized crime figure Frank Bompensiero, was convicted of 14 felony counts and sentenced to six years in state prison. Thomas Hercules Pipinos, a high-ranking member in the organization, was convicted of five felony counts, including conspiring with Debbas to sell controlled substances. He has been sentenced to four years in state prison. Joseph Louis Hardy, who acted as a fence for the organization, was convicted of receiving stolen property and has been sentenced to two years in state prison.

Cocaine Conspiracy With Eastern Crime Ties

Vito Alberti and Nicholas A. Delviscovo, recent arrivals from New Jersey, were arrested in the clubhouse of the Woodland Hills Country Club after selling approximately a pound of cocaine to a State narcotics agent. The two had fled the scene of the alleged cocaine transaction in a 1979 Cadillac El Dorado with Florida license plates. The Cadillac was abandoned at the Country Club and the two were apprehended inside the clubhouse by deputies of the Los Angeles Sheriff's Office. Subsequent investigation determined that the vehicle used in the alleged cocaine transaction belonged to Louis John Ippolito of Sherman Oaks. Ippolito is the son of Joseph Ippolito, Sr., former member of the New Jersey-based DeCavalcante organized crime family. In early 1979, Ippolito was indicted by the Federal Strike Force in Brooklyn, New York, for narcotics smuggling. He was convicted and sentenced to eight years in federal prison in October 1981.

On August 12, 1981, Delviscovo was convicted in the Los Angeles County Superior Court of conspiracy to possess cocaine for sale, and has been sentenced to two years in state prison. On September 4, 1981, Alberti was convicted in the same Superior Court of conspiring to sell cocaine and sale of cocaine, and has been sentenced to four years in state prison.

Joint State and Federal Prosecution of Organized Crime Figures

Robert Lewis Lee and Alexander James Turner, both long-time targets of organized crime investigators in Southern California, have been convicted in Federal District Court in Los Angeles of conspiracy to manufacture and distribute mecloqualone, the active substance in the widely abused drug quaalude. Each defendant has been sentenced to two years in federal prison.

An investigation conducted by the State Bureau of Narcotic Enforcement established that the substance was being manufactured at a remote laboratory site near Tehachapi in Kern County for eventual distribution in the Los Angeles area. Because the substance, mecloqualone, was controlled under federal but not state law, a prosecutor from the Special Prosecutions Unit was appointed Special Assistant United States Attorney for the purpose of trying the case in federal court. The prosecution was successful notwithstanding a setback suffered when a confidential informant, who was to testify in the case, was found dead in a Bellflower hotel room from an apparent overdose. Authorities are investigating that death as a possible homicide.

Still at large is indicted coconspirator James Anthony Grogan, aka William "Billy" Incardona, who authorities believe to be an enforcer for organized crime interests.

Palm Springs Embezzlement Conspiracy

Two former financial officers of the Eisenhower Medical Center in Palm Springs have been convicted in connection with a fraudulent scheme that resulted in the embezzlement of approximately \$350,000 in hospital funds. Thomas Lindsay of Hurricane, Utah, and Gerald D. Anderton of Sandy, Utah, were indicted by the Riverside County Grand Jury and charged with conspiracy to commit grand theft, grand theft, forgery and falsifying corporate records. It was established at trial that Lindsay and Anderton, through use of their official positions and by alteration of corporate records, secured issuance of Medical Center checks, two in the amount of \$140,000, payable to entities under their control. Additionally, the fraudulent scheme included the issuance of checks to former patients, which checks were recorded on hospital records as overpayments from insurance companies. The payee-patient's endorsement was then forged and the money deposited in an Anderton bank account. One such check involved a former patient who was deceased; another was made payable to a former patient who was found to be a prison inmate. A check in the amount of \$10,000 was made payable to CHAMPUS (Civilian Health and Medical Program, Uniformed Services). This check, with the agency's endorsement upon it, was deposited into an Anderton account.

The embezzlement probe was initiated when Lindsay and Anderton, following their resignations from the Medical Center, were arrested in Phoenix, Arizona, in connection with an attempt to import and sell illegal drugs. The scheme failed when the drug connection turned out to be a Phoenix undercover narcotics officer. The drug smuggling plan, which included the purchase of an airplane, was to be financed by use of the embezzled funds.

The investigation leading to the indictment encompassed five states and required the examination of 17 bank accounts in order to trace the embezzled funds, which had been laundered through these various accounts.

Following conviction, each defendant was sentenced by the Riverside County Superior Court to a term of three years in state prison.

Northern California Commodity Investment Fraud

Michael McCluskey, president of Capital Investors, has been convicted in the Sacramento County Superior Court of corporate securities violations in connection with an investment fraud that bilked investors in Northern California of approximately \$537,000 in a nine-month period. The Special Prosecutions Unit was assisted in its investigation by the California Department of Corporations.

The fraudulent scheme involved misrepresentations guaranteeing investors high returns on 60- to 90-day commodity investment pools that Capital claimed to manage. Instead of returns to investors, McCluskey converted the investment funds to his own use.

In sentencing McCluskey to four years in state prison, the trial judge aptly described the fraudulent operation as "a diabolical scheme that took life savings from an awful lot of people."

Major "Quaalude" Manufacturing Organization

A San Francisco business executive and his crime partner have been sentenced to state prison for their leadership role in an organization that manufactured and sold the illicit drug methaqualone. Methaqualone is the generic term for quaalude, a suppressant drug similar to Valium and having a retail value of \$4 a tablet.

The Central Lighting Company at 237 Clara Street in San Francisco served as a front for the illicit lab. Evidence adduced at trial disclosed that chemicals necessary to the manufacturing process were being ordered and transported from Southern California to the Clara Street address. Installation of an electronic tracking device, with court approval, enabled investigators to trace the route of the chemical containers. Intensive surveillance by state narcotic agents indicated a pattern of activity consistent with a major manufacturing operation.

When a search warrant was executed at the site of the alleged lab, agents found and seized multiple thousands of quaalude tablets packed in several plastic bags weighing approximately a pound each, several pounds of powdered material that had not yet been pressed into tablets, and more than 50 five-gallon drums of raw chemicals. A tabbing machine capable of pressing 100 tablets a minute was also found on the premises. This press had the capability of imprinting a legitimate manufacturer's label on the illicit tablets to increase the street value. Also seized at the site of the alleged lab were three handguns, four rifles, one semiautomatic rifle and \$69,750 in cash.

William Joseph Ahern, president of San Francisco Lighting and Supply Company, and crime partner Robert Leroy Willhite, were each sentenced to three years in state prison by the San Francisco County Superior Court.

Head of Organized Gambling Syndicate Convicted

An investigation by the Special Prosecutions Unit and the San Luis Obispo District Attorney's Office resulted in the arrest of Jack Gordon Green of Arroyo Grande. Green has been described in the Organized Crime Control Commission Report of May 1978 as "a kingpin of an organized gambling syndicate which operates in Fresno, Los Angeles, Ventura, Santa Barbara, San Luis Obispo, and Sacramento Counties."

On October 4, 1981, searches pursuant to search warrants were conducted at three locations in San Luis Obispo County which netted agents booking markers representing thousands of dollars in wagers and other bookmaking paraphernalia. A stolen 9mm automatic pistol was also recovered at Green's residence. Additionally, acting under authority of the warrant, agents intercepted and recorded numerous telephone calls at each of the locations from bettors placing wagers on Sunday's professional football games.

During the course of the investigation, agents made wagers with Green totaling in excess of \$5,000 on college and professional football games. This particular investigation followed two unsuccessful efforts to bring charges against Green in 1969 and again in 1977.

After being held to answer at a preliminary hearing, Green entered pleas of guilty to two counts of bookmaking and one count of maintaining a place for recording wagers. He was placed on five-year probation by the San Luis Obispo County Superior Court and fined \$15,000.

Multimillion Dollar Advance-Fee Scheme

Two officers of People's Financial Corporation of Encino, a loan-packaging company, have been found guilty by a Tulare County jury of felony fraud charges following a two-month trial in the Tulare County Superior Court. Joseph J. Lennon, former corporation president, and Peter C. Tripp, former vice president, were convicted of conspiring to commit grand theft and nine grand theft counts in connection with an advance-fee scheme described by prosecutors as one of the largest such frauds perpetrated in the state.

Evidence presented at the lengthy proceedings established that the corporation officials conspired to obtain advance loan-packaging fees ranging from \$1,500 to \$5,000 per client by promising guarantees that Small Business Administration loans would be received by their clients. Loans were not received and fees were not returned. The prosecution established that sales representatives of the corporation were specifically trained to imply to clients that the loans were guaranteed, even though the agreements signed by the victims disclaimed such a guarantee.

The People's Financial Corporation was in operation throughout this state and nationally. It has been estimated that the victimization within the state involved 1,474 persons who lost \$2.8 million. In 29 other states, the estimated loss is \$3.5 million involving 3,300 victims.

The investigation leading to the criminal charges was conducted by the Tulare County Sheriff's Office and agents of the Special Prosecutions Unit. Assisting in the investigation was the Fraud/ Forgery Unit of the California Department of Justice. This case, which was featured on "60 Minutes," was jointly prosecuted by an attorney from the Special Prosecutions Unit and the Tulare County District Attorney's Office. The defendants are awaiting sentencing.

IV. Prosecutions Pending

Bonanno Brothers Prosecution

The two sons of reputed organized crime chieftain Joseph "Joe Bananas" Bonanno, Sr., are awaiting trial in the Alameda County Superior Court on charges of conspiracy to commit grand theft and grand theft in connection with an alleged fraudulent home improvement scheme. Salvatore Vincent "Bill" Bonanno and Joseph Charles Bonanno, Jr., were indicted by an Alameda County Grand Jury based upon information developed by the Attorney General's Special Prosecutions Unit. The Attorney General convened the investigative grand jury to make formal inquiry into the activities of the Bonanno brothers and their involvement in several companies, including the Los Gatos Construction Company, Los Gatos Construction and Development Company, Olympic Construction Company, Kachina Enterprises Incorporated, and Lavine and Company. The indictment alleges that the fraudulent scheme generated approximately a quarter of a million dollars from home improvement contracts and loans, a major portion of which was funneled to the Bonannos. It is further alleged that the monies were obtained from elderly victims through a pattern of fraudulent sales of contracts involving bracing, plumbing, wiring and termite extermination.

Upon return of the indictment, Salvatore "Bill" Bonanno left this country. A state arrest warrant and a federal unlawful flight to avoid prosecution warrant issued.

While Bill Bonanno was at large, Joseph Bonanno, Jr., and Anthony Bressi of Glendora, New Jersey, who was also indicted, demanded a postindictment preliminary hearing. That hearing has been held and each has been bound over for trial in the Alameda County Superior Court.

On November 23, 1981, Bill Bonanno was arrested in Mexico by the Baja California State Judicial Police. He was deported, at that time, as an undesirable alien, and delivered into the custody of the Federal Bureau of Investigation on the federal unlawful flight warrant. Following a hearing before a U.S. Magistrate in San Diego, agents from the Special Prosecutions Unit took custody of the defendant and returned him to Alameda County for prosecution by the Unit. At the time of his arrest, Bonanno was living in a cottage in Baja under the assumed name of Bill Dorn.

The Special Prosecutions Unit was assisted in its investigation by the Department of Justice's Bureau of Organized Crime and Criminal Intelligence, the Federal Organized Crime Strike Force in San Francisco, the Federal Bureau of Investigation in San Francisco and San Diego, the District Attorney's Office in Alameda, Santa Clara and Santa Cruz Counties, and the State Contractors Licensing Board.

Organized Crime Associate Charged With Fraud

Richard Ashley Parker of Scottsdale, Arizona, has been charged with nine felony counts in Santa Clara County involving grand theft and corporate securities violations in connection with the operation of Spa and Country Club Management, Ltd., a Bahamian corporation, of which Parker is president.

Parker is alleged to have solicited two California residents to purchase stock in Spa and Country Club Management, Ltd., on fraudulent representations that the corporation planned to develop a health spa at the South Ocean Beach Hotel and Country Club in the Bahamas and that investment funds were needed to secure a lease of the hotel with an option to purchase. The proposal also involved a plan to manufacture "rejuvenation pills."

According to the complaint, one victim paid \$50,000 for stock in SPA and lost his entire investment. Another victim and his wife paid \$50,000 for stock in SPA, it is alleged, and received no stock and lost their entire investment. In addition to the alleged thefts, the stock offering was not qualified for sale in California.

Parker received notoriety in 1975 when he attempted to acquire a controlling interest in United Founders Life Insurance in Oklahoma City. At that time, he was publicly linked with several organized crime figures, including Samuel Ray Calabrese of Las Vegas and Edward Alfred Zuber, who has been convicted of investment fraud and sentenced to federal prison.

Parker has been held to answer on all charges at a preliminary hearing, and trial is set for May in the Santa Clara County Superior Court. Following the filing of the state charges, Parker was indicted by a federal grand jury in San Diego for securities fraud in connection with his operation of another corporation.

Arson For Profit

An investigation conducted by the Special Prosecutions Unit and the Long Beach Police Department, with assistance from the United States Attorney's Organized Crime Strike Force in Los Angeles, has resulted in the filing of charges against Donald B. Howard of San Dimas, chairman of the board and chief executive officer of Western Farms Processed Foods, for arson, conspiracy to commit arson and insurance fraud in connection with a fire that destroyed the Western Farms plant in Long Beach. It is alleged that Howard hired one John Kozell to commit the arson. Kozell died as a result of the fire.

The original charges against Howard were dismissed when the magistrate at the preliminary hearing refused to admit into evidence, as a dying declaration, a statement by Kozell implicating Howard in the arson. Additional evidence was gathered and a new complaint was filed. At the second preliminary hearing, the magistrate admitted the dying declaration and held Howard to answer in the Los Angeles County Superior Court.

On the day set for trial, Howard fled the jurisdiction and is presently being sought as a fugitive by state and federal authorities.

Murder For Hire

An investigation by the Special Prosecutions Unit and the Pasadena Police Department, with assistance from the California Prison Gang Task Force, has resulted in the filing of a two-count complaint charging Donald Claude Bulpitt, M.D., 36, of San Gabriel, and Salvador Gutteriz Buenrostro, 35, of Pico Rivera, with murder in violation of section 187 of the Penal Code and conspiracy to commit murder in violation of Penal Code section 182. In addition, special circumstances relating to the potential imposition of the death penalty are alleged as to the murder charge. These special circumstances allegations recite that the murder was committed for financial gain within the meaning of Penal Code section 190.2(a)(1) and, further, that the killing was perpetrated while the defendant Buenrostro was lying in wait within the meaning of Penal Code section 190.2(a)(15).

The felony charges relate to the murder of one Charles Snodgrass, who was killed on the evening of September 11, 1979, approximately two blocks from the headquarters of the Pasadena Police Department. He was killed by a single gunshot wound to the head in what appeared to be a well-orchestrated "hit" type murder. It is alleged that the evidence will show the murder was a contract slaying perpetrated for financial reasons and related to narcotic trafficking.

Defendant Bulpitt, who is alleged to have been the employer, was arrested in a stolen vehicle in San Gabriel by an agent of the Special Prosecutions Unit. Defendant Buenrostro, who is alleged to have been the hired assassin, is a member of the EME, sometimes known as the Mexican Mafia. Both defendants have been held to answer at a preliminary hearing and will be tried in the Los Angeles County Superior Court.

Statewide Heroin Ring

In November of 1981, 13 major heroin distributors were arrested following a three-month intensive statewide investigation by a joint law enforcement task force consisting of the Department's Bureau of Narcotic Enforcement, the Monterey County Sheriff's and District Attorney's Offices, the Salinas Police Department, the U.S. Drug Enforcement Administration, and the Special Prosecutions Unit. The case was initiated in August based upon information developed by the task force showing a large-scale heroin smuggling and distribution network operating out of Monterey County with a monthly business netting approximately \$3.5 to \$4 million. Over the three-month period, agents conducted 20 "buys" of Mexican brown heroin from dealers for over \$35,000. The estimated street value of the "buys" is almost \$.5 million.

As a result of this statewide investigation, charges have been filed against members of the organization in Monterey County, Santa Clara County, Madera County, Fresno County, and Los Angeles County. Attorneys from the Special Prosecutions Unit and the Monterey District Attorney's Office are currently prosecuting these cases. Six defendants have been convicted to date. This effort represents only the second time that a statewide task force was formed to target major narcotic organizations.

Northern California and Central Valley Bustout

An organization of individuals of Jordanian extraction have perpetrated a series of bustouts in the clothing goods industry in Northern California and the Central Valley. The term "bustout" is commonly used to describe the systematic encumbering of assets of a business entity, which leaves that company's creditors assuming whatever loss the perpetrators have created, by liquidation of the company's merchandise at below wholesale cost.

An investigative task force of state and local agencies was formed, headed by the Department's Bureau of Investigation. The investigation disclosed a systematic fraud in obtaining merchandise on credit from various manufacturers, concealing that merchandise, and then abandoning the business without payment to the manufacturers.

As a result of this investigation, members of this bustout organization have been charged in San Joaquin, Santa Cruz, Monterey, and San Benito Counties. Upon the filing of felony charges, two defendants, Fahmy Saleh Suboh and Saleh Al Jada, fled to the Virgin Islands. A federal unlawful flight warrant was secured and the two defendants, apprehended in the Virgin Islands, have been returned for prosecution.

Statewide and Interstate Fraudulent Factoring Operation

Two men are being sought in connection with the operation of an alleged fraudulent factoring enterprise that has victimized small business persons in Northern and Southern California, Arizona and New Jersey. Joseph Jay Levy and Robert Robbins, aka Hyman S. Rabinowitz, have been charged by the Special Prosecutions Unit with conspiracy to commit grand theft and ten grand theft counts resulting from the operation of Pacific Acceptance Co. (PAC) in San Mateo County. Warrants of arrest have issued for each subject, with bail set in the warrant at \$300,000.

The felony complaint alleges that Levy and Robbins, from April through mid-July 1981, defrauded local business persons by obtaining accounts receivable on the false representation that PAC would pay the business person 90 percent of the amount owed, whether the debt was collected by PAC or not. After obtaining the accounts on the basis of this representation, Levy and Robbins, using high-pressure tactics, collected approximately \$100,000 in a three-month period. None of this money was returned to the PAC customers, the business office was closed in mid-July and, it is alleged, Levy and Robbins absconded with the proceeds of this fraudulent enterprise.

In 1967, Levy was convicted in Santa Clara County for perpetrating a virtually identical scheme under the business name of United Acceptance Co. He was sentenced to state prison as a result of that conviction. In early 1981, Levy was arrested in New Jersey in connection with a fraudulent accounts receivable factoring scheme. Both Levy and Robbins are also being sought by Orange County authorities regarding a fraudulent factoring scheme perpetrated in that jurisdiction. Additionally, according to the Organized Crime Investigation Unit of the Phoenix Police Department, Levy has been identified as the perpetrator of an identical scheme in Phoenix that occurred in late 1981 and into January of 1982.

Levy is an associate of Rocco Victor Passanante and Milton Zucker Mende, each of whom were identified in the Attorney General's Organized Crime Control Commission Report of May 1978.

Fraud Ring Victimizes Student Loan Program

By felony complaint filed in Los Angeles, five subjects have been charged with conspiracy to commit grand theft in connection with a fraudulent scheme to obtain money through the submission of false applications for guaranteed student loans.

The complaint alleges that this fraud ring submitted in excess of 100 Guaranteed Student Loan applications seeking loans that averaged approximately \$4,000 per application. The applications were false, it is alleged, in that none of the applicants were students, as claimed. The scheme included the use of fictitious names, utilization of mail drops for receipt of the loan checks, and forgery of the state college endorsement on the checks when received.

The group operated throughout the state in submitting loan applications to California state universities in Sacramento, San Francisco, Los Angeles, Long Beach and San Diego. Execution of search warrants at three locations in the San Fernando Valley uncovered fictitious identification documents, loan application forms, notary public stamps and state university endorsement stamps.

The Special Prosecutions Unit was assisted in its investigation by the Secretary of State's Office, the Postal Inspector's Office and the Los Angeles Police Department. Apprehension of the principals in this fraud organization prevented a major diversion of funds identified for assistance to legitimate college students.

Statewide Mortgage Loan Fraud

Eight individuals have been charged in San Bernardino County in connection with a statewide operation that has been described as the largest real estate loan brokerage fraud in the history of the state. The 182-count felony complaint alleges five separate conspiracies between the various defendants, 94 grand thefts, 37 forgeries, 30 corporate securities violations, 2 thefts from insurance companies in furtherance of these conspiracies and 14 state income tax violations.

It is alleged that Burton and his associates, through the operation of Universal Financial and California Equities, obtained more than \$80 million dollars from approximately 6,000 investors during a seven-month period in 1980. The investors were led to believe that they would receive a high return on their investment, an investment that was represented as well secured by deeds of trust on real estate. In reality, these real estate loan brokerage firms were merely companies by which Burton operated a giant pyramid scheme. In order to generate the amount of cash necessary to operate this pyramid scheme, Burton or one of his associates would locate a parcel of property to purchase, prepare an appraisal of as much as double the purchase price, create a trust deed in favor of investors in an amount far in excess of the purchase price, use the investors' money to purchase the property, and then take the excess funds for himself. An example of such a transaction charged in the complaint involved the opening of an escrow for the purchase of a building at a price of \$3 million. Burton then used \$3.5 million of investors' money to close the \$3 million escrow and kept \$500,000 for himself. A trust deed was then issued to the investors based upon his appraisal of the building at \$6 million. Another count charged in the complaint involved the use of \$4.7 million of investors' money to purchase property wherein \$1.9 million went for the property and miscellaneous costs and \$2.8 million to Burton. It is estimated that investors lost in excess of \$40 million as a result of the alleged fraudulent operation.

The year-long investigation leading to the charges was conducted by agents of the Special Prosecutions Unit working in cooperation with the San Bernardino County District Attorney's Office. The investigation involved extensive investor interviews, the examination of over 150 bank accounts and the review and analyzation of voluminous documentary evidence.

The case is being jointly prosecuted by the Special Prosecutions Unit and the San Bernardino County District Attorney's Office.

V. Legislation

The Attorney General has sponsored legislation that would greatly assist in the prosecution of organized criminal activity in this State and would provide a substantial deterrent to such activity. SB 247, entitled the "California Control of Profits of Criminal Enterprise Act," has been introduced by Senator Ken Maddy and is designed to protect legitimate business from infiltration by organized crime. The bill seeks to control profits derived from continuing criminal activity by prohibiting the investment or use of these illegally derived proceeds to acquire an interest in any enterprise. In addition to prescribing punishment for such activity, the bill provides for court-ordered forfeiture, upon conviction, of any interest that is illegally acquired. Finally, the bill provides for civil recovery of treble damages for any private citizen who is injured by the defined criminal activity.

By attacking the profits derived by organized crime, the legislation attacks the very purpose for its existence, and thereby provides a significant tool in combating the activities of organized crime and presents a real and meaningful deterrent.

VI. Conclusion

This report, in discussing some of the cases handled by the Special Prosecutions Unit during 1981, demonstrates that a concerted and cooperative effort by local, state and federal law enforcement agencies can have a real impact upon organized criminal activity in this state. Continued concentration and coordination of efforts will ensure that an effective campaign against those engaged in organized crime is waged.

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