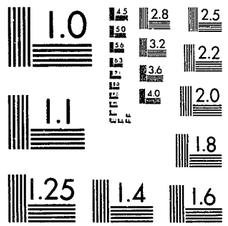

Department of Justice

EMBARGOED FOR RELEASE
UNTIL 8:00 P.M. EST
WEDNESDAY, NOVEMBER 30, 1983

LECTURE ON ORGANIZED CRIME

BY

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BEFORE

THE PUBLIC AFFAIRS FORUM
KENNEDY SCHOOL OF GOVERNMENT

HARVARD UNIVERSITY
CAMBRIDGE, MASSACHUSETTS

Tonight I would like to discuss a subject that is probably not part of the curriculum even here, but which does affect all of us every day, even though it stays generally hidden from public view. It causes our taxes to go up. It adds to the cost of what we buy. And, worst of all, it threatens our personal safety and that of our families - indeed our very freedom. Its trafficking causes untold damage to human lives and human health, yet its net profits may well exceed those of all the Fortune 500 corporations combined. I am speaking of organized crime.

Although combating organized crime is a difficult undertaking, it is not impossible. Indeed, as I will later explain, many successes are now being achieved in that battle. Unfortunately, the public is little aware of the problem or of what the government is doing to combat it. With greater public awareness of the nature and the threat of organized crime, and with greater citizen participation, we could make substantially more headway.

First, in order to provide the context for our efforts today, some history is in order. Perhaps the first example of organized crime in America occurred in the late 17th and early 18th Centuries, when the pirates, mostly of English descent, operated off the coast of the Carolinas. During the Nineteenth Century, a variety of organized crime groups emerged. In New York City, Irish gangs preyed on and terrorized New York citizens as local police often looked the other way. In Chicago a gambler named Michael McDonald built a powerful criminal base in order to enter politics, organizing a new party he dubbed "Mike's Democrats."

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During these years, local police were alone in trying to stop organized crime, and the task proved beyond their powers. There was no federal government involvement. Not surprisingly, some citizens' groups emerged. In Chicago, in 1907, some civic-minded Italian-Americans founded the White Hand Society to counter the growing influence of the Black Hand. In New York, the Society for the Suppression of Crime was established.

Unfortunately, organized crime was too much for these citizens' groups. And with the ratification of the Eighteenth Amendment, organized crime began a significant expansion in power and influence.

During Prohibition, organized crime groups vied for shares of a market attracting more and more bootleggers, and frequently fought each other as they tried to expand beyond their once limited turfs. The beer wars in Chicago in the early Twenties basically were fought to decide jurisdiction. In 1927, the so-called War of the Sicilian Succession erupted. This battle over control of Chicago's Unione Siciliana, a jurisdictional battle of ultimate significance in that city, was fought between Al Capone and the Genna brothers. Organized crime began to take on a national flavor, as gangs from around the country ordered members to

Immediately after the Civil War, perhaps the most visible crime groups were in the West. The names "Younger," "James," and "Reno" call to mind the famous gangs, often of blood relatives, who systematically robbed banks and trains during that era.

Towards the end of the Nineteenth Century, some of the large numbers of Southern Italians and Sicilians who immigrated to the United States brought with them criminal brotherhoods already established in their homelands. Also active by this time were other immigrants from a wide variety of ethnic backgrounds -- organized crime has not been the exclusive activity of any racial or ethnic group. By this time, too, New York, Chicago, Detroit, Cleveland, New Orleans, St. Louis, and Tampa had become the principal centers of organized criminal activities, which included gambling, prostitution, and vote fixing.

Organized crime was then a local enterprise. A gang worked a city, often just a neighborhood. There was no national connection and thus no nationally dominant group. Strife between gangs was a conspicuous characteristic of organized crime. So was bloodshed. It was during this period that Charles "Lucky" Luciano began his career in crime as a member of a New York gang. Alphonse Capone also got his start as a gangster in New York before moving to Chicago.

Chicago at this time seemed to have a special attraction for organized crime. The city was the scene for gambling, prostitution, extortion, and election fixing. Jim Colosimo, who ran one of the biggest brothels in the city, battled with the Chicago

Black Hand, eventually gaining the upper hand among Italians -- Colosimo was succeeded by his nephew John Torrio and then by Torrio's confidant Al Capone. Irish gangs also thrived in Chicago, under George "Bugs" Moran, William O'Donnell, and Frankie Lake, among others.

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Chicago to help one or the other side in this organized crime war -- a war that Capone's group eventually won.

Nonetheless, ethnic animosities and gang rivalries gradually abated during Prohibition as cooperation became necessary in the effort to control larger and larger markets. A significant event in the history of organized crime occurred in 1928, when Johnny Torrio, Capone's mentor, was elected president of New York's Unione Siciliana. Torrio, of course, was not Sicilian. His election signified the end of animosities between Sicilians and southern Italians. Because Torrio, the former New Yorker, was now in Chicago, his election paved the way for cooperation between crime groups in New York and Chicago.

The trends thus were those of increasing organization, cooperation, and consolidation. At a 1929 meeting, "Lucky" Luciano of New York, Abner Zwillman, a New Jersey mobster, Sam Lazar from Philadelphia, Dutch Schultz from New York, and Capone from Chicago all recognized the need for a national body to mediate differences among groups and formulate policy.

The year 1929 is also notable for the federal government's first substantial appearance in the history of organized crime. It was an inauspicious entry. Disturbed by the lawlessness of Prohibition, President Hoover established that year the National Commission on Law Observance and Enforcement. Named after its chairman, George Wickersham, the Commission urged an "immediate, comprehensive, and scientific nationwide inquiry into organized crime" in order to "make possible the development of an intelligent plan for its control."

No such inquiry took place, however, and no intelligent plan for the control of organized crime was developed. The FBI did what it could against the gangsters, arresting a few such as Capone, who served time for income tax evasion, But the FBI lacked statutory authority to investigate most of the activities of the crime syndicates. During the Thirties and Forties, despite laudable law enforcement efforts by some local and state authorities, organized crime prospered as the federal government generally failed to make a response.

As the syndicates in the major cities consolidated power, Luciano and his old colleague, Johnny Torrio, revived the idea of a national crime organization. Luciano envisioned something on the order of a national board of directors overseeing criminal activities. Each gang would operate within its territory, and the board would prevent interterritorial competition and peacefully settle disputes. Meeting in New York City in 1934, the nation's most powerful gangsters lent support to Luciano's idea and acknowledged the territorial claims of 24 crime families in cities across the nation.

Alcohol provided the major source of income for criminal groups from 1920 until the end of Prohibition in 1933. But organized crime had by then already learned how to diversify. With the phalanx of accountants, managers, and lawyers organized crime had acquired during Prohibition, the syndicates easily renewed and increased previous involvements in gambling, prostitution, and narcotics. They also infiltrated the film industry's labor unions and used them for purposes of extortion. They began investing in

the entertainment business, legal gambling, auto agencies, hotel chains, restaurants, taverns, jukebox concerns, laundries, clothing manufactures, racing, sports publications. They also became involved in labor unions.

Not until 1950 did the federal government finally begin to make a systematic inquiry into organized crime. A special Senate committee directed by Estes Kefauver investigated gambling and racketeering activities in interstate commerce. The Kefauver hearings were held in 14 cities and heard testimony from more than 800 witnesses. When the hearings moved to New York in March, 1951, the proceedings were televised, and for the first time millions of Americans became aware of organized crime.

The committee uncovered a national pattern of bribery and protection payments to law enforcement officials and payoffs to local and state political figures to ensure protection from prosecution. The committee determined that a national criminal organization which it referred to as "The Mafia" did exist, and recommended, among other things, the creation of a rackets squad within the Justice Department.

The Kefauver hearings stimulated local investigations in cities where the committee had exposed organized crime operations and public corruption. But even with the knowledge obtained from the hearings the federal government itself still did not take sustained action. The Department of Justice initiated a drive against the leading racket figures identified in the Senate hearings, but while some convictions and deportations resulted, no permanent investigative or prosecutorial units were established

until 1954. Even then, only three lawyers in the department were assigned to the Organized Crime and Racketeering Section, which consequently enjoyed only limited success. Again, the federal government failed to see the immediate and growing threat presented by organized crime -- a national threat requiring a national response. And the government was not alone in this failure. Some leading academics went so far as to question whether the Mafia did, in fact, exist at all.

The lack of an effective government response was costly. During the Fifties the syndicates continued to grow and consolidate. Organized crime became more deeply involved in white collar crime and in politics. Mobsters more frequently appeared in respectable places and with respectable people.

In 1957, a Senate select committee under Senator John McClellan's leadership found that organized crime had muscled its way into the labor movement, but no major legislation resulted from the hearings.

It was not until the early Sixties that the federal government began to make a substantial enforcement effort against organized crime. Under Attorney General Robert Kennedy, the FBI began monitoring the activities of 400 of the nation's leading organized crime figures. The number of attorneys in the Organized

Crime Section jumped to 17 in 1961, and 68 in 1962. Gradually, too, the number of convictions per year began to increase -- from 45 in 1960, to 546 in 1964.

In 1963, public support for increased federal efforts to eradicate organized crime was fueled by the sensational revelations of Joseph Valachi -- a life-long member of the organized crime structure. In testimony before a Senate committee, Valachi described the broad organizational scheme and nationwide membership of a criminal confederation, which he called "Cosa Nostra," meaning, literally, "our thing." Valachi added substantially to our knowledge of organized crime.

Several years later a commission created by President Johnson made numerous recommendations for changes in the criminal law -- each of them designed to challenge organized crime. The Omnibus Crime Control and Safe Streets Act of 1968 and the Organized Crime Control Act of 1970 incorporated all eight of the commission's recommendations regarding proof of criminal violations. The 1968 Act was the first federal law to define the term "organized crime" and included a provision for electronic surveillance under a carefully detailed warrant procedure and strict court supervision. The 1970 Act strengthened the government's legal tools in the evidence-gathering process. One provision -- the Racketeer Influenced and Corrupt Organizations Act, or RICO -- is arguably the most powerful statute available to federal law enforcement officials, because among other things it allows government to seize the illicit profits of organized crime.

Another important initiative at this time was the creation of the first Organized Crime Strike Force. In 1966, the Department of Justice placed a five-man team of attorneys and supervisory personnel from federal investigative agencies in Buffalo, N.Y. Within a short time, the group, dubbed the "Strike Force," convicted the mob underboss and several syndicate figures. Two years later similar Strike Forces were placed in Detroit, Brooklyn, Chicago and Philadelphia. In 1969, the Department of Justice began an expansion of the Strike Force program.

In retrospect, the federal law enforcement and legislative initiatives of the Sixties marked a watershed in the history of the government's response to organized crime. To be sure, during the past 20 years, there were periods when the government was not as effective as it could have been. At times the effort was confused and misdirected. Even so, it was during the Sixties and Seventies that the federal government finally organized a serious law enforcement response and devised mechanisms such as the Strike Forces that have proved so valuable in combatting organized crime.

In the past three years, the Strike Force program has continued to lead the fight against traditional organized crime. Specialized cadres of experienced trial attorneys coordinate the activities of criminal investigators from all the major federal law enforcement agencies, including the FBI, DEA, the Internal Revenue Service, the Secret Service, the Department of Labor, the Postal Service, the Customs Service, the Bureau of Alcohol, Tobacco and Firearms, and the Immigration and Naturalization Service, as well as the local police.

The strike forces have indicted and convicted many of the principal leaders of the traditional crime families in many of our major cities. They have successfully brought major cases in New York, Boston, Cleveland, Chicago, Denver, Kansas City, Miami, Detroit, Philadelphia, Los Angeles, San Francisco, Milwaukee, and New Orleans. During the past three years, in large part because of the efforts of the Strike Forces, the Department of Justice has indicted, tried, and convicted a total of 2,609 members and associates of organized crime.

These results reflect in part a refinement in strategy. In the beginning the Department tried to obtain as many convictions as possible. Then the goal was to convict as many of the leaders as possible. Recently we have sought to take the profit out of organized crime by seizing assets, and now we are attacking organized crime as an entity - as a continuing conspiracy in crime.

The use of important enforcement mechanisms developed in the Sixties and Seventies have proved immensely helpful. Electronic surveillance under a carefully detailed warrant procedure and strict court supervision has enabled us to gather information on the very secretive crime families. Also, federal agents have successfully gone undercover. In New York, for example, an FBI agent posing as a gangster infiltrated the Bonanno family, resulting in the conviction of three so-called "captains" on racketeering charges.

Development of the Witness Security Program, created in 1971, has also proved very useful. Previously, confidnetial

informants often refused to testify against underworld associates for fear of violent retribution against themselves or their families. It was not uncommon for informants who did risk testifying to be murdered. Since the Witness Security Program was initiated, however, more than 4,300 individuals have accepted the program's protection, and no one who has followed the requirements of that program has been killed. During these 13 years more than 78 percent of the defendants against whom protected witness have testified have been convicted. In the first six months of this year, 199 protected witnesses testified against 707 defendants, leading to the development of 143 new cases, the indictment of 495 new defendants, and the conviction of 415 individuals.

The Strike Forces have destroyed the myth that the leadership of organized crime is "untouchable". One reason the syndicates gained such a foothold in American society is just this myth, which made it easier for them to recruit new members and enforce loyalty. Now that we have more knowledge of how organized crime works, we have been able to decimate the top ranks in many areas. For the first time, the traditional crime families are less optimistic about their future. For example, in a conversation recently recorded by our agents in Cleveland, organized crime leaders complained that there would be no one to lead their crime families while they served time in prison.

Although the Strike Force program is an important part of the effort against organized crime, other new approaches have been undertaken in the past three years. Today, organized crime is heavily involved in drug trafficking. Indeed, the drug trade is

now our nation's number one crime problem -- especially when one considers the criminal activities spawned by drug trafficking. For example, a recent study done of the Balitmore area found that 243 addicts committed a total of almost a half million crimes over an 11-year period -- or an average of 2,000 each -- one every other day.

The Posse Comitatus law, passed after the civil war, prevents the armed forces from engaging in law enforcement activities. We have sought and obtained an amendment to this law which now permits us to utilize the resources and intelligence gathering capability of the military -- for the first time. Already this has been enormously valuable in the fight against drug trafficking.

And for the first time, too, we have brought the FBI into the drug enforcement effort by consolidating the Drug Enforcement Administration with the FBI. It is surprising that the FBI, our principal federal law enforcement agency, had never before been given the authority to combat our number one crime problem. Now, through this reorganization, we have brought additional resources into the fight against drug trafficking. And we have improved the quality of our enforcement efforts. The FBI has a sophisticated understanding of the organizational and financial aspects of the organized crime cartels. It has unique knowledge of, and ability to follow, the flow of money. This expertise is essential to combatting the highly sophisticated activities of modern organized crime, and it is now being put to work in the fight against drug trafficking. The reorganization has

been highly successful, resulting currently in 765 FBI cases and almost 600 joint DEA/FBI cases.

South Florida has long been the hot spot for drug trafficking. In response, the South Florida Task Force was established in 1982. For the first time, all of the agencies of the federal government dealing with this problem were brought together within a single entity. The Task Force drew on the resources of the FBI and the DEA, the Internal Revenue Service, the Bureau of Alcohol, Tobacco, and Firearms, the Customs Service, the Coast Guard, and the Department of Defense as well as those of the relevant state and local agencies.

The success of the South Florida Task Force guided us in formulating the major eight-point initiative against organized crime and drug trafficking announced by President Reagan last year. The centerpiece of the program was the creation of 12 new task forces patterned on the South Florida model and deployed throughout the country. These Task Forces are now fully operational. Already more than 100 indictments against more than 1,000 defendants have been brought. And 194 individuals have been convicted.

Of the 425 cases now under investigation by the Drug Task Forces, only a small number involve traditional organized crime, the L.C.N. Most involve new or emerging groups attracted to the lucrative profits of drug trafficking, including motorcycle gangs and prison gangs.

These modern cartels are involved in the importation and distribution of drugs, the financing of drug trafficking, and money laundering schemes. As is also true of the L.C.N., these groups are engaged in continuing criminal enterprise, abuse of the bank secrecy laws, narcotics conspiracy, and public corruption. Employing the law enforcement weapons developed to fight traditional organized crime, we are making an assault on these organizations even as they are developing. By acting quickly, we hope to avoid repeating the mistake of the past, when the government's failure to respond to the emergence of the L.C.N. effectively permitted its entrenchment and made it very difficult to root out.

The new crime cartels include some groups whose names are familiar. But most are not. Among the hundreds of new organized crime organizations are the Hell's Angels, the Outlaws, the Pagans, the Bandidos, La Nuestra Familia, the Mexican Mafia, the Aryan Brotherhood, the Black Guerrilla Family, the Japanese Yakuza, the Chinese Triad Societies, the Israeli Mafia, and the Cocaine Cowboys.

The emergence of these groups is occurring as organized crime undergoes its most recent evolution -- from national in focus to international, a change related to drug trafficking.

Of the three drugs that most trouble us from a law enforcement perspective, two -- heroin and cocaine -- come exclusively from abroad, and one, marijuana, comes predominantly from abroad. The historic relationships between organized crime families in New York and Chicago are strikingly similar to those

now existing, for example, between organized criminals in New York and Palermo. It is essential that we develop close working relationships at the highest levels with the governments of countries that are the source of illegal drugs or though which drugs travel. It is equally important that we understand the problems faced by those countries and that they understand our concerns. Cooperation on procedural matters is an essential step. To this end, we have negotiated, and are continuing to negotiate, mutual assistance law enforcement and extradition treaties with the various countries involved.

Already we have been successful in some areas -- notably Turkey and Mexico -- in crop control and eradition programs. And we are working -- however slow the results -- with other countries to control the supply and processing of opium and coca plants and their derivatives.

It is important that we establish these foreign connections now. Organized crime evolved from a local enterprise to a national one very rapidly, and it has taken the federal government the better part of a half century to respond effectively. As organized crime goes international, we must react internationally by enlisting the help of other nations and helping them in turn.

As we proceed with enforcement programs at home and cooperative efforts abroad, we must also keep our knowledge of organized crime up to date. In the past we did not recognize organized crime for the problem that it was. High government officials and some academics often treated the threat of organized crime, and even its existence, with skepticism. For decades

organized crime grew because it was not stopped from growing. We -- all of us -- have paid for the fact that for many years there was no organized response to organized crime. History counsels the wisdom of learning as much as we can about the new and emerging crime cartels so that we can attack them before they become as entrenched as the Mafia did.

Yesterday the President's Commission on Organized Crime, held its first meeting in Washington. As part of the President's eight-point program against organized crime and drug trafficking, the Commission will study organized crime as it exists today, giving special attention to the emerging cartels. The Commission will focus public attention on and further define the nature of the evil that affects us all.

Another part of the President's program calls for strengthening the federal criminal laws that touch organized crime. These include sentencing, bail, forfeiture, and numerous other reforms that would measurably improve our law enforcement ability to combat organized crime. In the last Congress, the Senate passed a crime bill containing these reforms by a vote of 95 to 1. We hope that both the Senate and the House of Representatives will similarly act before the end of the current session in 1984.

Throughout our history there have been tendencies both to ignore the existence and characteristics of organized crime and to underestimate its persistence. In ORGANIZED CRIME IN AMERICA, published in 1962, Gus Tyler wrote that organized crime "is a powerful, ever renewed social force with which Americans will have to

contend for many years to come." Tyler's assessment was surely correct.

Organized crime is a force Americans will have to contend against. The Department of Justice -- the federal government -- cannot do the job alone. Public knowledge about organized crime and support of the government's law enforcement efforts are key to future success.

It has been said that "the future is not a gift -- it is an achievement."

With greater public awareness of organized crime, and greater public support of the federal law enforcement effort, we can achieve a future different from our past -- a future in which the cancer of organized crime is finally brought under our control.

END