

FOR SUNDAY PAPERS,
SUNDAY, JANUARY 13, 1963



January 12, 1963

Office of the White House Press Secretary

THE WHITE HOUSE

REPORT TO THE PRESIDENT FROM THE
ATTORNEY GENERAL ON THE FIGHT
AGAINST ORGANIZED CRIME

January 10, 1963

Dear Mr. President:

The Administration during 1962 greatly expanded its coordinated drive against organized crime and racketeering.

In the Department of Justice, racketeering prosecutions involving the Organized Crime Section of the Criminal Division increased approximately 300 percent over 1961 and 700 percent over 1960. Convictions increased more than 350 percent over 1961 and almost 400 percent over 1960.

Internal Revenue Service figures show a sharp decline in gambling, the source of the enormous profits which bankroll other forms of racketeering. We prosecuted gambling cases in 20 states and further gambling investigations are underway in 45 states. Federal law enforcement agencies also took major action against other types of racketeering, such as narcotics, labor-management payoffs, and, most important, corruption of public officials.

These actions, while significant and encouraging, are not conclusive. Organized crime continues to tap the pocketbooks and sap the morality of our citizens.

At the beginning of this Administration's anti-racketeering effort, we sought to develop close coordination among the 26 federal law enforcement agencies; to develop within the Department of Justice the manpower and dedication required for an effective effort; and to obtain the anti-racketeering laws necessary for the fight against modern crime.

FEDERAL COORDINATION

I can report to you that all the federal law enforcement agencies have participated with total dedication and cooperation. The successful record of 1962 is in large part the result of their activity.

With their help, we have been able to set up and expand a central information pool on the background and activities of more than 1,100 major racketeering figures. Because of this intelligence and because of the agencies' accelerating assistance, the Criminal and Tax Divisions of the Department of Justice have been able to prosecute cases not previously possible.

I mention particularly the outstanding work of the FBI, the Immigration and Naturalization Service, Internal Revenue Service, Federal Bureau of Narcotics, Secret Service, Bureau of Customs, Postal Inspectors, and Bureau of Labor-Management Reports.

DEPARTMENT OF JUSTICE ORGANIZATION

Within the Department of Justice, the work of the Organized Crime and Racketeering Section of the Criminal Division has been greatly expanded. Since January 1961, the personnel strength of this section has been more than tripled, from 17 attorneys to more than 60. Permanent field units have been set up in Chicago, New

MORE

York, Los Angeles, and Miami and teams of special attorneys have been assigned to various other cities to develop and assist in specific cases. The work statistics of Assistant Attorney General Herbert J. Miller's entire Criminal Division reflect this section's intensified effort:

	<u>1960</u>	<u>1961</u>	<u>1962</u>
Man Days in Court	283	555	809
Man Days in Field	1,963	5,086	7,356
Man Days before Grand Juries	388	1,052	1,146

NEW LEGISLATION

Passage of the new anti-racketeering laws has been instrumental in this increased activity. Five of the laws now have been in effect for 15 months. They forbid interstate shipment or transmission of gambling information or paraphernalia and interstate travel in support of racketeering, and expand previous laws against flight to avoid prosecution and shipment of firearms.

In the 15-month period, the Federal Bureau of Investigation has investigated 852 cases under the new laws. Of these, we so far have secured indictments in 34 cases involving 134 defendants, and convictions in 12 cases involving 37 defendants. There were three acquittals but in one of these, the defendants were convicted under another law. While no case brought under these new laws has yet been appealed to the Supreme Court, the constitutionality of the new gambling laws has been upheld in lower courts.

Last year, I reported to you that the passage of these laws had the immediate effect of forcing many of the nation's major racing wire services to shut down. Since then, two more have closed their doors. So have telephone gambling information services. So have large and small scale bookmakers across the country. Others have seen their business greatly reduced.

We have taken action under the five laws against a variety of gambling enterprises. In one case, we uncovered a numbers game operation in an Eastern Seaboard state which alone took in more than \$20,000 a day and nearly \$6,250,000 annually.

In another numbers case, in the Northeast, we found that while the average daily bet was only about 30 cents, the annual gross of the operation exceeded \$2,000,000.

Action in a large western city resulted in the closing down of a multi-million dollar sports gambling operation. A total of 19 different outlets were involved; the annual gross in only one of these exceeded \$600,000. Shortly afterwards, the mayor declared that the city's policy of tolerating gambling had ended and sent police out to close down other betting operations.

Last fall, a national magazine conducted its own survey of the betting situation across the country. It concluded that "the new laws have succeeded surprisingly well. . . Bookmakers all over the country are up against it as they never have been before."

Internal Revenue Service figures further indicate the decline in illegal gambling. Gamblers across the country reported accepting bets of \$53,490,000 during fiscal 1962. This represents a 20 percent drop from fiscal 1961 and is the lowest total since 1952, the first year this tax was collected.

Even more graphic are the figures for specific localities in which there has been sustained law enforcement activity. In fiscal 1961, for example, Kentucky bookmakers reported accepting a total of \$7,650,000 in bets. In fiscal 1962 -- following the cleanup of gambling in Newport, Kentucky -- the figure was \$2,200,000.

MORE

A sixth anti-racketeering law was enacted in the last session of Congress and went into effect December 17. This law, greatly expanding an earlier statute, forbids interstate shipment of gambling machines and requires manufacturers, repairers and sellers of such machines to register with the Department of Justice. Enforcement of this statute will further assist local authorities in action against illegal gambling.

Nevertheless, betting on sports events particularly remains a major problem. In both 1962 and 1961 we investigated reported attempts by gamblers to fix professional and amateur athletic events. Federal responsibility in this area is limited and further legislation might well be necessary. We will continue, however, to take action under present authority should it be required.

The combination of new coordination, new organization and new legislation has enabled the federal government to launch a sustained and successful effort against not only gambling but against all organized crime and racketeering.

One of the most insidious of the other aspects of organized crime is illegal traffic in narcotics. This Administration sponsored the first coordinated inquiry into the causes and treatment of addiction -- the recent White House Conference on Narcotics and Drug Abuse and the resulting effort to draft new legislation dealing with the problem. At the same time, continued outstanding work by the Bureau of Narcotics has resulted in important prosecutions.

For example, John Ormento and Carmine Galante, among the most important narcotics dealers in the country, were convicted in New York of smuggling millions of dollars worth of heroin into this country over a five-year period. Sentences for the 13 defendants in the case totaled 276 years, including 40 years for Ormento and 20 years for Galante.

In Chicago, Nathaniel Spurlark, organizer of a large-scale smuggling ring, and five other defendants were convicted and sentenced to terms of five or ten years in prison. Other important cases were successfully prosecuted in Texas, Tennessee, California, Connecticut, Massachusetts and elsewhere.

In the labor-management field, we have continued to intensify the efforts of the federal government both against employees who seek to bribe union representatives and against union officers who seek to extort funds from employers. In 1962, 79 persons were indicted and 44 so far convicted for violations of the Taft-Hartley, Hobbs, or Labor-Management Reporting acts in cases involving our Organized Crime attorneys. These totals compare with 20 persons indicted and 11 convicted in 1961 and 15 indicted and 13 convicted in 1960.

During the year, the Department also secured favorable decisions in deportation actions against a number of foreign born racketeers, including Frank Costello and Paul "The Waiter" Ricca DeLucia.

Probably the most damaging of all the uses to which racketeers put their illicit profits is corruption of public officials, and we have exhorted particular effort to expose and prosecute such official corruption -- in Newport, Kentucky; Lake County, Indiana; New York City; and elsewhere. We have investigations of official corruption underway in 22 states.

The acceleration of our effort against all forms of organized crime is indicated by these statistics for cases involving the Organized Crime Section:

	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of indictments	17	45	118
Number of Convictions	22	24	86
Number of Individuals Indicted	49	121	350
*Number Individuals Convicted	45	73	138

(*Includes trials of indictments returned in previous years)

MORE

Other important convictions of the past year include:

Anthony (Tony Ducks) Carallo, New York labor racketeer, Justice James V. Keogh of the New York State Supreme Court, and Elliott Kahaner, a former Assistant United States Attorney, for conspiring to fix a federal bankruptcy case;

George Chacharis, Mayor of Gary, Indiana, who recently pleaded guilty to charges that he failed to report and pay taxes on more than \$250,000 in payoffs from construction firms;

Henry Grillo, an Internal Revenue Service official in Boston, and three attorneys, for attempting to bribe another IRS official to fix a tax case;

Frank Andrews, well-known Newport, Kentucky numbers game operator;

George Roxburgh, business agent of Detroit Teamster Local 299 on Taft-Hartley payoff charges;

Frank (Buster) Wortman, of St. Louis, Michael Coppola of Miami, and Metro Holovachke, former prosecuting attorney of Lake County, Indiana, all on tax charges.

Los Angeles gambler Alfred Sica, brother of Joseph Sica, who was convicted last year with Frankie Carbo and Frank "Blinky" Palermo, on charges of making false statements to the Government;

Irving Tolub, New York City, a former officer of the International Ladies Garment Workers Union, on extortion charges;

Samuel J. Marroso, Detroit, labor consultant, on charges of transporting \$190,000 in stolen Ohio Turnpike bonds across state lines;

Anthony Zambito, West Virginia "layoff" gambler, on charges of conspiring to violate and actually violating the new anti-gambling statutes;

Christopher Columbus Parker, one of the leading gamblers in the Southeast, also on charges of violating the new laws.

We also have secured a number of important indictments, which have not yet come to trial. Defendants in these cases include: James G. Cross, former president of the Bakery and Confectionery Workers Union, on charges of embezzlement and conspiring to fix his trial for perjury; Leo Carlino, of New York on charges of making grossly exorbitant expense deductions; Benjamin Dranow, previously convicted for tax evasion and mail fraud, for jumping \$25,000 bail in Minneapolis; August J. Lippi, president of United Mine Workers District No. 1, on charges of embezzling more than \$300,000 from a Pennsylvania bank; Matthew (Mike) Rubino, Detroit, for a wide-ranging hundred-thousand dollar retail sales fraud; Anthony Dolasco, Newark, New Jersey, and Abe Zimmerman, Chicago, gamblers charged with tax evasion.

The past year also was a successful one in law enforcement areas other than racketeering. The Department is charged with the responsibility for protecting the integrity of government operations through enforcement of the bribery and conflict of interest laws.

Cases in this area include the indictment of two Members of Congress, Thomas F. Johnson and Frank Boykin, on charges involving nearly \$25,000 in payments and more than \$3,000,000 in real estate transactions. Two military officials at Fort Monmouth, N. J. were indicted on charges of attempting to influence Government contracts. Continuing investigation also led to the return of additional indictments in Massachusetts in connection with federal highway projects.

MORE

Cooperation with other agencies also has been extremely effective in areas other than organized crime. At the request of the Food and Drug Administration, the Department this year instituted more than 150 seizures of misbranded or otherwise illegally sold food and drugs -- including the sale of stale and falsely labeled human blood to hospitals.

In close cooperation with the Post Office Department, we have brought a record number of mail fraud arrests -- an estimated 702 -- and have secured an estimated 500 convictions, also a record. Included in these cases was the initial prosecution of Texas businessman Billie Sol Estes, for mail and securities fraud. He also is under indictment for filing false statements with the Government. The past year saw a particular resurgence of fraudulent retirement haven land sales and more than 150 investigations are underway in this area alone.

The record of the year, then, against crime generally and against organized crime in particular, is an encouraging one. We have made significant progress. Again, let me make it clear, however, that no one believes the tide of the battle is turned. It is not likely to be decided by one set of laws, one anti-crime program, or one Administration. Ultimate success will require years of cooperation among federal and local agencies. It will require energy and integrity on the part of all law enforcement officers. Most of all, it will require the interest and involvement of every citizen.

Sincerely,
(s)
Robert F. Kennedy

#####