



Department of Justice

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Attorney General John N. Mitchell warned American businessmen today that elements of organized crime are "wor their side of the street."

Addressing the 96th annual convention of the American Bankers Association in Miami Beach, Mr. Mitchell said:

"Despite an increase in the number of indictments and convictions of racketeers, the organized crime syndicate is still flourishing. Banks are not immune to the impact of racketeers.

"The typical organized crime leader can look and act like a businessman, can carry on a legitimate firm as a front, is well versed in business practice, and calls on the services of lawyers, accountants and other professionals."

The Attorney General said that one investigation showed that in a single large midwestern city, the organization controlled or had large interests in 89 businesses with an annual revenue of more than \$900 million.

"Organized crime infiltrates legitimate business to provide a front for income tax reporting purposes, to stage bankruptcy frauds, or to gain short-term profit through high-handed methods."

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Organized criminal activity affects the banking industry in two ways, he said:

"Directly, in the financial losses from bad credit, lost investments, stolen securities, counterfeiting, and theft by employees caught in the web of the underworld.

"Indirectly, by the injury to the entire credit system -- the erosion of its efficiency and of the public confidence that is its essential foundation. This loss is only partly measurable in such terms as higher insurance rates, more elaborate credit investigations, higher prices due to the bad risk factor, and greater costs of security and law enforcement."

The Attorney General asked the bankers to warn business associates "that the syndicate is working their side of the street, and that they must be alert."

"I hope you will feel that you have not only an opportunity but an obligation to educate your business associates on the threat of organized crime. Let them know it is no myth."

The Attorney General defined organized crime as "the continuous conduct of criminal activities for profit by a group that disciplines its associates by its own extra-legal code and attempts to insulate itself from the law by corruption of public officials."

"The term 'organized crime' can refer to a confederation of some 24 so-called 'families' of up to several hundred persons each, which dominates the crime-for-profit activities in a number of cities across the country. Its net worth has been estimated at \$150 billion."

Citing the \$20 billion in revenue gained by illegal gambling, the Attorney General said:

"That's a fairly large tribute to pay an element of our society that contributes nothing but misery and destruction.

"As far as the Nixon Administration is concerned, any tribute to organized crime is too much to pay.

"We are dedicated to rooting out this parasite that saps the economic and moral strength of our society."

Mr. Mitchell said President Nixon has pledged an all-out war on organized crime and cited these moves of the Administration against organized crime:

--A request early in 1968 for new anti-crime legislation, the Organized Crime Control Act, which will be signed by the President tomorrow;

--Creation of the National Council on Organized Crime composed of various Cabinet representatives, which would, among other things, authorize permanent strike forces in various cities to combat organized crime;

--The use of court-authorized wiretapping which has resulted in more arrests with no complaints of interference with privacy.