

# Cover-up Scandal Haunts FBI

Jim Mitteager and  
Anthony Mancini

*On Friday Attorney General Griffin Bell announced a two-count perjury indictment of FBI Special Agent Joseph Stabile, 50, of Commack, N.Y. The indictment charges Stabile with lying about receiving a \$10,000 payoff from John Caputo, lieutenant in the Genovese crime family and former associate of mob chieftain Joe Colombo. It was the first-ever corruption charge against an active FBI agent.*

The accusation that the finger of corruption has touched an untouchable is explosive enough. But the story behind the Stabile indictment may even further sully the image of the Bureau. It is the story of Anthony Villano, the unsung former FBI agent who, like Frank Serpico of Knapp Commission fame, waged a lonely five-year struggle to exhume the facts of the case despite alleged bungling, feet-dragging and perhaps even a coverup by FBI brass reluctant to air its dirty linen.

"The Bureau wanted the case swept under the rug," said Nassau County District Attorney Denis Dillon, the former U.S. prosecutor who first investigated Stabile.

Much like Watergate, the Stabile case promises to be just the opening round. U.S. Attorney Thomas Puccio, head of the Justice Dept.'s Organized Crime Strike Force for the Eastern District, is expected to call many present and past high-level FBI officials to testify at the trial alongside many members-in-good-standing of the mob. If Villano's version of the events holds up, obstruction-of-justice charges may result and still another gate may swing open to public scrutiny — FBIgate. This is Villano's story.

Anthony Villano, a veteran field or "brick" agent specializing in organized crime, caught the first whiff of the corruption charges in February 1973 from New York special agent George Moresco, who told him that Stabile had admitted making "a big score." Moresco, a reluctant informer, gave the information to Villano in strictest confidence. He knew Villano had an unblemished reputation and had turned more mobsters into informants than any G-man in history. Promising to try to keep Moresco's name out of it, the gung-ho Villano took the information to his superiors, confident that a formal investigation would be launched and, if the charges proved true, the rotten apple would be swiftly extracted from the barrel. Instead — before Stabile was finally indicted — Villano himself would be tarred as a troublemaker, womanizer and drunkard, formally reprimanded by then-

FBI director Pat Gray, transferred to Philadelphia and finally compelled to retire.

## A \$10,000 Sting?

Villano glimpsed his troubles early, at the very first meeting he arranged with his immediate supervisor, Sean McWeeney, and the new SAC (Special Agent in Charge) of the Organized Crime Division, Bob Frank. Villano told them of the allegation that Stabile had accepted \$10,000 of a \$15,000 bribe paid by mobster Caputo to the FBI agent and N.Y. Police Sgt. Eugene Statile — once described by a Knapp Commission official as "the most corrupt cop on the force" — for helping to quash a gambling charge against Caputo. Stabile knew the case was going to be dropped anyway so, Villano said, Stabile was running a sting on the mob. As Villano told this story, he remembered Frank's demeanor becoming "a little wild." Then, Villano said, Frank suggested: "I'll bring in a hit man I know from Chicago" to erase the corrupt agent. Frank also insisted that New York Asst. FBI Director John Malone be kept in the dark about the allegations because "he'll talk to the Bureau [Washington] and go after the wrong people." Instead of the rubout, Villano convinced them to try a more conventional solution: rig him up with a body wire and allow him to question the suspect.

But this plan was jettisoned the next day when SAC Frank broke his self-imposed oath of silence by informing the office of the allegation. Villano was forced to face grilling by a battery of SACs and sign sworn affidavits. He told the basic truth, lying only to cover the involvement of his source, agent Moresco. Soon Malone returned from out of town to direct the investigation.

Malone, nicknamed "Cement Head" in the office, quickly ordered a formal confrontation with the suspect. The decision had an acrid smell to a seasoned investigator like Villano, who knew that the best way to sabotage a case was to telegraph the punch and give the subject time to destroy evidence and concoct a cover story.

Later Malone told Villano that he had disclosed the allegations to acting FBI director Pat Gray, who instructed Malone to "shake the tree and let the bad fruit fall — bury any poisoned ones." \*

## Gray on the Griddle

Gray had troubles of his own. The Senate at the time had begun hearings to confirm him as permanent Director and Gray was put on the griddle to explain his participation in the Watergate coverup.

Meanwhile the New York SACs proceeded to confront Stabile with the charges, upsetting Villano and Moresco. Moresco wondered: "Why didn't they put a tail on him, bug him, scratch into his finances?" Moresco got cold feet and told Villano he couldn't participate in the destruction of a fellow agent. Now Villano was alone. He requested permission of Frank to conduct his own investigation of Stabile, but the permission was denied.

Under grilling by Frank, mobster Caputo said his only contact with agent Stabile came when the G-man had tried to "turn" or recruit him as an FBI informant. Caputo, now behind bars for refusing to testify against Stabile, said he declined. Stabile also explained the payment from Stabile as the receipts from an investment club. The Bureau seemed to accept these explanations.

"It seemed that the Bureau was unprepared for a formal, thorough look at the case," Villano wrote in his book *Brick Agent* (Quadrangle). "If Miglio [the book's alias for Stabile] came up innocent after a genuine investigation, that would have been fine with me. I could then stop worrying about the health of my sources. But if he were guilty I wanted him out fast. The Bureau's primary requirement appeared to be to avoid any hint that its nest might be fouled."

#### Keep It in the Family

Villano privately pressed Malone about where he planned to take the investigation. "We'll keep it an in-house investigation," Villano quoted Malone. "A personnel matter . . . we don't want this to get outside of the family. It's a Bureau problem."

Later Malone relented and turned Villano loose, saying that he wanted to "clean house." But, without confessions, physical evidence or witnesses, the investigation bogged down.

Meanwhile Frank and McWeeney wrote a report on the case recommending that, because of all the contradictory stories, everyone involved should take a lie detector test. This worried Villano, who had invented an informer as the original source of the allegation to keep his promise of anonymity for Moresco. After a shaky Villano completed the first test, the Bureau asked him to submit to a second one. Sure that he had failed the first, Villano declined.

The next day Bureau supervisors produced an anonymous letter written on a child's typewriter accusing Villano of corruption and of putting out a contract on agent Stabile because he had discovered Villano's supposed ties to criminals. Villano agreed to a second polygraph test and passed. But so did Stabile, according

to information Villano said he received.

Since the polygraphs yielded no usable results, the investigation was dropped. Villano's protests fell on deaf ears. Soon he got a letter of censure from Director Gray for mishandling the Stabile case and was transferred to Philadelphia. In less than three months he went from star agent to outcast.

Villano didn't quit. He wrote requesting a personal meeting with Gray. But Gray was too busy "twisting slowly in the wind" at the Senate Watergate hearings to respond. After Gray stepped down from his FBI post Villano received a reply from acting director William Ruckelshaus, who wrote that he "thoroughly reviewed the matter" and saw no reason to change the action taken.

#### Story Poured Out

Finally, however, Villano's fortunes turned. At a party he met U.S. Attorney Denis Dillon, then head of the Organized Strike Force for the Eastern District, who asked him why he was transferred to the boondocks. Villano poured out his story.

Dillon, despite protests that it was an "in-house" matter, demanded FBI files and launched his own investigation, prompting complaints from FBI Director Clarence Kelley that the case was closed. But Dillon appealed to Justice Dept.

Criminal Division Chief Henry Petersen, who allowed him to continue the probe.

"When the allegation was first made," Dillon told *SWN*, "all they [FBI] had to do was put a wire on Moresco and have him confront Stabile. Instead, they bungled the case."

Dillon added: "The FBI claimed it was an inside matter but it wasn't. The charges involved an alleged bribe to an agent. The Bureau wanted it swept under the rug."

Meanwhile Sgt. Stabile faced indictment on corruption charges by Special Prosecutor Maurice Nadjari, prompting the cop's lawyer, Gino Galino, to hint to Dillon that Stabile would testify against Stabile in return for escaping prosecution by Nadjari. Dillon refused the deal. He summoned Caputo before a federal grand jury, where the mobster denied everything and was arrested for perjury.

The Bureau now was a hive of rumors. Villano, working informally, heard other allegations which tended to confirm Stabile's mob connections. One came from a convict, Pete Sauers, who claimed to have information about an agent on the take whose first name, like Stabile's, was Joseph. Villano also heard about another hood, Joe Nagy, who reputedly was involved with payoffs to this agent, and was later murdered.

But the Stabile case stalled again when

Dillon quit his post to run for Nassau County DA. He won the election and Villano retired to work for him as an investigator. Meanwhile Villano continued his informal digging and wrote the book *Brick Agent*, containing much of the information in this article except that the publisher's legal department removed the sting from the charges by insisting that the names be fictionalized.

Villano adds that the FBI stepped up its campaign of character assassination against him, labeling him a drunk, womanizer and corrupt agent, reminiscent of the tactics used against Serpico.

Villano was dispirited. His book was ignored, his FBI career ruined, while Stabile was still an agent in good standing. But suddenly Villano got help from an unexpected source — the FBI itself.

#### **No Hatchet Man**

Spurred by vindictiveness, Villano contended, Bureau officials approached Dillon's successor, Thomas Puccio, to suggest that Villano be prosecuted for violating Stabile's civil rights in his dogged pursuit of the facts. Puccio declined to become the FBI's hatchet man and instead decided to reopen the original investigation.

Puccio now shuttled witnesses before a grand jury. Caputo and another hood, Joe Chili, a reputed soldier in the Genovese family, refused to testify against Stabile even though they had been granted immunity. (Caputo's previous perjury trial had ended in acquittal.) Chili and Caputo are still in jail for contempt, cooling their heels for refusing to testify against an FBI agent.

Last year attorney Galino, lawyer for both Caputo and Stabile, had reportedly been trying to arrange a deal to have Caputo cooperate with Puccio's investigation. On the very night of a morning when he met with Caputo, Galino and his secretary were gunned down gangland fashion on a street in lower Manhattan.

Stabile finally was indicted for perjury (the statute of limitations for the alleged bribery had already ended, the statute for perjury would have run out last Sunday). Villano seems to have been vindicated.

SAC Bob Frank, who was earlier promoted to an assistant directorship in Washington, has since been demoted for "gross incompetence" and retired. Before the grand jury he had "no recollection of anything." Sgt. Stabile was convicted on other corruption charges and kicked off the force. Agent Stabile was relieved of his duties as an agent in the Queens office.

The FBIgate has swung wide open.

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