

# Strange Teamster, Mafia Links

By Jack Nelson  
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L.A. Times Service

Los Angeles

In San Diego county, teamsters boss Frank Fitzsimmons huddles with a man identified by the FBI as a major Mafia figure, then several hours later boards Air Force One with President Nixon for a flight to Washington.

In Chicago, the Illinois legislative investigation commission files an intelligence report quoting a federal investigator as saying the Nixon administration decided not to prosecute Fitzsimmons' son, Richard, (a Detroit teamster official) in a fraud case "due to the 'love affair' between Fitzsimmons and the White House."

In Detroit, a government attorney tells a reporter that the case against Richard Fitzsimmons, revolving around the alleged illegal use of a Teamster's credit card, was rejected for prosecution by the Justice Department in Washington because the evidence was "thin."

Still, a number of federal and local law enforcement officers question whether the Nixon administration is committed to uncovering what they say is a major scandal — Mafia schemes to loot the union's central states, southeast and southwest areas pension fund.

## ALLIANCE

Not only does the Teamsters president enjoy a political alliance with President Nixon, but also close friendships with former Attorney General John N. Mitchell, a central figure in the Watergate scandal, and with his successor as attorney general, Richard Kleindienst.

Mafia connections. Teamster-administration ties and recent Mafia movement into southern California add up to a sometimes confusing picture.

Several law enforcement officials, including Los Angeles county District Attorney Joseph P. Busch, Sheriff

See Back Page

From Page 1

Peter J. Pitchess and Orange county District Attorney Cecil Hicks, told the Los Angeles Times that the activity of known Mafia figures has increased markedly in recent months.

So widespread is the evidence of fraud and schemes for looting Teamster pension funds through illicit finders' fees, payoffs and kickbacks that an investigation is underway on two fronts — federal and local — into at least four Mafia operations, reportedly bankrolled by Teamster money.

## SCHEMES

The four schemes, according to investigators, include a prepaid health care plan, a dental care program, a prepaid legal service and a series of real estate transactions involving more than \$40 million in commercial property in Orange and San Diego counties — all financed by pension fund loans.

Stepped up Mafia activity has sparked federal grand jury investigations in four cities — Los Angeles, Las Vegas, Chicago and Detroit, and spurred probes by the Organized Crime Strike Force, the FBI, postal inspectors and agents of the Internal Revenue Service.

At the same time a special intelligence task force composed of state and local officers from 10 California enforcement agencies and the Georgia Bureau of Investigation has been digging into union-mob connections for almost four months.

Focal point of the probe, described by investigators as the biggest and probably the most lucrative of the four, is the proposal for setting up a prepaid health plan for union members, with financial backing provided by a pension fund loan.

The central states, southeast and southwest areas pension fund, headquartered

in Chicago and estimated at \$1.4 billion, is composed of contributions — currently \$14 a week per employe — paid by employers covered under teamster contracts.

Previous pension fund loans to underworld figures in California and other states, investigators say, have established a pattern of illegal finders' fees — some ranging from \$150,000 to \$360,000 — and kickbacks that have resulted in more than a score of criminal indictments and at least a dozen convictions.

The fees — usually about 10 per cent of the total loan — are like commissions, one investigator explained, paid to the person who sets up the connection between borrower and lender, but sometimes split two or three ways.

Kickbacks are additional payments made by the borrower — "off the top" — to insure approval of even a questionable loan.

Millions of pension fund dollars have been loaned to build Las Vegas casinos and developments like the Teamster financed La Costa Country Club near Carlsbad in San Diego county.

At least part of the investigations into the proposed union health plan — described as "a possible \$1 billion - a year business" — has centered on meetings at La Costa and in Palm Springs attended by the Teamsters president and known Mafia figures.

In Palm Springs, according to information developed by the government's Los Angeles-based Organized Crime Strike Force, Fitzsimmons met February 8, to discuss the plan with Sam (Orlando) Sciortino, 54, of Fountain Valley, Calif., Peter J. Milano, 47, of Sherman Oaks, Calif., and Joe Lamandri, of San Diego, identified by the FBI as members of the Mafia.

Fitzsimmons, in Palm Springs to play in the Bob Hope desert classic golf tournament, was introduced to the three men by an associate of Allen M. Dorfman, 49-year-old pension fund adviser currently in prison in connection with a \$55,000 kickback from an earlier \$1.5 million pension fund loan.

The Teamsters president, according to a strike force

approved the health care plan and made arrangements for further discussions, including a meeting with Dorfman, a Chicago insurance executive who went to prison March 28.

During the next two days, Fitzsimmons met with Lou (The Taylor) Rosanova, 51, executive director of the Teamster-owned Savannah Inn and Country Club, named by a U.S. Senate crime committee in 1963 as a top chieftain of La Cosa Nostra.

## MOBSTER

The justice department has put Rosanova on the top 300 mobster list in the Chicago area.

Others seen in discussions with Fitzsimmons at the Mission Hills Country Club and the Ambassador hotel in Palm Springs were identified as Tony Accareo, a Chicago mafia boss, Anthony Spaturo, accused gangland executioner, Marcel Califano, also from Chicago, along with Lloyd A. Pitts, of Los Angeles, Charles E. Graller, of Chicago, and Richard Stumacher, friends and business associates of Rosanova.

Investigators say Rosanova, involved in earlier pension fund loans, was representing organized crime's interest in seeking a percentage of the fees and kickbacks, while acting as negotiator-emissary for Chicago factions.

An FBI informant provided investigators with details of the Palm Springs meetings and the mob-union discussions of kickbacks and payoffs in connection with the proposed health care plan.

Additional information was developed through the use of federal wiretaps on the telephones in a firm called People's Industrial Consultants at 9777 Wilshire Boulevard, Beverly Hills.

The consulting company, which has since moved to 13619 Moorpark Street, Sherman Oaks, has been described in an affidavit as a front operation established to handle the proposed pension fund loan.

The FBI affidavit quoting the informant was submitted to justice department attorneys earlier this year in support of a request that a federal court be asked to extend its authorization for

# Teamsters and the White House

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Probably had been installed prematurely.  
In its affidavit seeking extension of the electronic surveillance, the FBI cited federal codes that prohibit commissions and kickbacks to welfare plan and union officials for placing union business.

At 11:30 p.m. on February 12, two days after the Palm Springs meeting, Rosanova met with Fitzsimmons again at the Al Costa country club. The following morning, the teamster president drove to San Clemente where about 9:30 a.m. he boarded the president's jet with Mr. Nixon at El Toro marine air station for the flight to Washington.

Although their requests for additional wiretaps were denied, federal investigators said the conversations overheard between January 26 and March 6 tended to corroborate information gathered by officials from local law enforcement agencies.

Details of agreed on kickbacks and commissions from the one billion-dollar-a-year health plan were gleaned from one overheard conversation, according to the sworn affidavit.

The caller, identified as Raymond (Rockey) Derosa, 50-year-old organized crime figure and former enforcer-collector for the syndicate, was quoted in the affidavit as saying that People's Industrial Consultant, out of whose office he worked, was in line for a per cent commission, and that he (Derosa) and two unidentified Los Angeles teamsters were sharing 1 per cent.

According to the affidavit, Derosa was overheard to brag that he was to receive \$30,000 "in front" when the Teamsters signed up for the health care plan.

The affidavit, which has not officially been released to the public, formed the major part of a recent New York Times article which reported that Attorney General Klendienst and Assistant Attorney General Henry T. Petersen had rejected the FBI request even though the wiretaps had begun to "help strip the cover" from the Mafia-Teamster health plan.

According to the New Source for a memorandum, prepared at the direction of L. Patrick Gray III, former acting director of the FBI, Petersen, a Democrat and career public servant who has headed the Justice Department's Watergate investigation, denied Klendienst had anything to do with the denial. And he said in his own judgment the wiretaps had been unproductive in obtaining evidence and there was no "probable cause" for their continuation.

A source close to the Justice Department agreed with Petersen's contention, and a California investigator familiar with the case gave some support to the assistant attorney general's view, declaring that the taps had

had stepped down in favor of Fitzsimmons as part of a plan to seek parole from federal prison.  
Hoffa was serving a 13-year sentence for pension fund fraud and jury tampering.  
On Dec. 23, 1971, four months after the U.S. Parole Board had rejected Hoffa's parole application for the third time, President Nixon commuted Hoffa's sentence. Commutation had been recommended by Attorney General Mitchell and White House counsel Charles W. Colson. Colson later left the White House to join the Washington law firm of Morin, Dickstein, Shapiro and Galligan. And Fitzsimmons transferred the teamsters' \$200,000 a year legal business to that law firm.

Mr. Nixon's commutation order prohibited Hoffa from engaging in direct or indirect management of any labor organization prior to March 4, 1972 — a provision who wanted to continue in his \$125,000-a-year post-which four of Hoffa seeking to regain the office upon his release.

Hoffa expressed gratitude to the President for the act of clemency. And six weeks after his release, in answer to a question on a national television program, he said: "I would say President Nixon is the best qualified man at the present time for the presidency of the United States in my own personal opinion."

Meanwhile, the close relationship between the Teamsters president and Mr. Nixon flourished.  
Four other representatives of organized labor on the president's Wage and Price Board resigned in protest over Mr. Nixon's economic policies. But Fitzsimmons remained, the only labor representative on the board.  
Mr. Nixon appointed Fitzsimmons to the board of directors of the Communications Satellite Corp., and Fitzsimmons' wife was named to serve on the arts committee of the Kennedy Center for Performing Arts.  
On July 17, 1972, with presidential election campaigns in full swing, Fitzsimmons and his executive board met at La Costa country club.

To hardly anyone's surprise, they threw the support of the two-million member Teamsters Union — largest in the nation — behind Mr. Nixon's re-election efforts.  
It was the first time the giant union had endorsed a GOP presidential campaign.

**OFFICIALS**  
Fitzsimmons also agreed to contribute money to the president's re-election campaign. A recent income tabulation of Teamster officials' contributions to the Committee for the Re-Election of the President showed \$55,000, including \$4,000 from Fitzsimmons.  
But that figure was far from complete. The final tabulation, based on instructions for officials to contribute \$1,000 each, could run as high as \$250,000.

Teamster officials in Los Angeles and San Francisco told the Los Angeles Times that Fitzsimmons or other

officials had told them to contribute \$1,000 each. This was latter reduced to \$500.  
Fitzsimmons also accepted a position as a national vice chairman of Democratic for Nixon, a group financed by the President's re-election Committee and headed by ex-governor John B. Connally of Texas.  
Earlier, while serving as Mr. Nixon's treasury secretary, Connally approved an Internal Revenue Service plan to give former teamsters union president David Beck of Seattle, Wash., a moratorium on paying \$1.1 million in back taxes.

**TAX**  
The Seattle Post-Intelligencer charged that although under a federal tax court judgment the tax waiver and immediately collectible through seizure of Beck's properties, Connally arranged a deal in exchange for Teamster support of the Nixon administration's economic policy.  
Beck's tax break was negotiated by John B. Connally, who resigned suddenly (May 16, 1972) as secretary of the treasury after the Post-Intelligencer began delving into administrative links with the Teamsters.  
The newspaper declared that Part of the deal, reported in 1971 by Fitzsimmons, also called for a review of Hoffa's prison sentence in newspaper said.  
Connally, who recently returned to the Nixon administration as an unpaid assistant to the president, did not comment on the newspaper report at the time, and it White House said that it was unavailable for comment.

News photographers were permitted to take pictures of Mr. Nixon and Fitzsimmons together and presidential press secretary Ronald Ziegler quoted Mr. Nixon as saying: "My door is always open to President Fitzsimmons and that is the way it should be."  
As the Teamsters conference held on July 5, 1971, James D. Hodgson, who was Mr. Nixon's labor secretary, suggested the Teamsters should know you may have left a hole isolated from sense of the grainstream in the past, but I think this is changing. Doors are opening in the labor department and other agencies and the White House, and we in the labor department mean to do our best to keep them open."

**DOORS**  
Doors to the Justice Department had been opened, too, and pressure was brought there, as well as at the White House, to free James Hoffa, the long-time Teamsters president, who

had stepped down in favor of Fitzsimmons as part of a plan to seek parole from federal prison.  
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