

HOW THE MAFIA MUSCLES IN ON BIG BUSINESS

By Harry Kelly
Washington Bureau

WASHINGTON—How far has the mob muscled in on legitimate business?

How much does organized crime affect your life and pocketbook?

To find out, the Internal Revenue Service made a check of the country's 113 major organized crime figures.

It discovered that 98 are engaged in legitimate businesses.

Not just casinos and night clubs, but real estate, hotels and motels, vending machines, restaurants, trucking, manufacturing, sports and entertainment, wholesale distribution of food and money lending.

A U.S. official acknowledged that the government is obviously worried about the Mafia's traditional activities, such as gambling, loan sharking, narcotics and other underworld activities.

But an even greater worry now, he said, is the increasing penetration by organized crime into legitimate business and particularly big business — including those that until recent years "were considered sacrosanct from any taint of criminality."

Even the financial community knows, he observed, that some banks are "mob banks," that some insurance companies have had millions siphoned off by La Cosa Nostra and that one Mafia family is estimated to have more than \$100 million in real estate holdings.

A discreet survey of one major city — identified by government sources only as in the Midwest but presumably Chicago — shows that the mob controls or has large interests in 89 businesses with total assets of more than \$800 million and annual receipts in excess of \$900 million.

The roster of blue-chip holdings included, according to the agents, federal savings and loan institutions, auto dealerships, breweries, construction companies, insurance agencies and food and liquor distributorships.

Visits to other cities, as well as a coast to coast check and interviews with federal and local law officials as well as private security men, shows that the example is not unique.

Mob influence on business, the cost of living and American political life is incalculable.

Knowledgeable police and federal agents have been aware of the Mafia's growing reach and appetite. But the public hasn't.

To remedy this, crime commissions in New Orleans and Chicago, both financed privately and headed by former FBI men, are trying to turn the limelight on the hoods and what they own.

The managing director of the Metropolitan Crime Commission of New Orleans, Aaron Kohn, is one of the best known crime crusaders in the country. In addition to putting out newsletters with a "hood's who," he gives gloves-off speeches.

Unwelcome

His charts of Mafia men and their connections show that a tourist can visit New Orleans — say at Mardi Gras



AARON KOHN
Issues 'Hood's Who'



CARLOS MARCELLO
Variety of interests

torial stand in its publication that heartened Kohn.

Although Chambers of Commerce traditionally find little wrong with their cities' commercial life, the New Orleans chamber found something glaringly wrong and reported it.

The Patriarch

It noted that a short, pudgy 58-year-old native of Sicily, Carlos Marcello, had been repeatedly identified as the patriarch of the Cosa Nostra in Louisiana and that he and his family were involved in a variety of business interests. The chamber declared:

"Suffice it to say, they are ever-widening their investments and connections and influence and are active in attempting to control the political climate of the New Orleans area. Any man running for public office can secure funds for his campaign by agreeing to assist in their efforts if elected."

Chicago's Crime Commission has been publishing a "spotlight on organized crime" for the last three years.

Currently it lists 72 businesses that have known connections with members of what is called "the syndicate."

Masked Controls

What businesses are on the list? Everything from an auto dealer and a pizza res-

— and go bar hopping, dine at restaurants, take a tour of the French Quarter, buy postcards at a gift shop — and always be doing business with the Mafia.

Kohn's exposures have not always been welcomed. He has been sued, jailed and denounced by city fathers for adding to the city's notoriety.

He is caught between those who, as he puts it, are "tolerant or amused by the corruption" and those who aren't.

"Disclosure," he observes, "is rocking the boat and boat rocking makes people uncomfortable."

Although New Orleans officials refused until recently to acknowledge there was any organized crime in the city, the local Chamber of Commerce recently took an edi-

taurant to a maternity shop and golf club.

And Director Harvey N. Johnson, Jr., knows there are many more but finds it difficult to pin down because of the masked lines of control: "Sons, wives, lawyers, friends — it's hard to prove."

How do the sharp-suited men of organized crime move from their back alley empires to the board rooms of legitimate business?

By buying in with the untaxed profits from narcotics, gambling or loan sharking. By grabbing a share of the business for payment of gambling or loan debts, or through extortion or coercion.

Some Examples

In the government files are these examples:

- The owner of a beer distributing company got in too

deep in gambling. He put off his mobster-creditors by letting them use his firm as headquarters for a lottery operation. Eventually the mobsters won complete control.

- Control of certain brokerage houses was secured through foreclosure of usurious loans. The hoods then used the brokerage houses to promote sale of fraudulent stock.

- A Midwestern developer found he could get all the

zoning law changes he needed by paying off underworld figures with city hall connections. When he failed to keep up with the payoffs, the mobsters took over an apartment project he was building and eventually broke him.