

Probe Links Mafia And Federal Loans

New Orleans

Known underworld figures in this area have for years enjoyed a cozy relationship with the local office of the Small Business Administration and have been able to obtain loans easily, an investigation by the New York Times has found.

The relationship has resulted in millions of dollars in federal funds going to persons with known Mafia backgrounds and their associates, to the consternation of law enforcement authorities concerned about underworld figures using legitimate businesses as fronts.

The investigation included the checking of names of hundreds of loan recipients with local and federal law enforcement officials, as well as with other authoritative sources here and elsewhere who are knowledgeable of Louisiana's underworld activities.

Interviews here with former employees of the SBA and with persons who have had extensive dealings with the agency further corroborated the findings of the Times.

The agency is under investigation nationwide by at least a half-dozen bodies, including the small business subcommittee of the House Banking and Currency Committee, the FBI, the General Accounting Office and the Civil Service commission. Allegations against the agency range from mismanagement of funds to political and financial corruption.

Regulations of the SBA prohibit funds to persons with criminal records and to

persons involved in underworld activity.

Law enforcement and SBA officials said that several underworld figures here had been prosecuted or ordered to repay the agency in connection with the alleged fraudulent receipt of millions of dollars worth of loans.

They included Anthony Paul Marullo and John Labruzzo, who received \$100,000 each after Hurricane Betsy struck the area in 1965. Marullo has an extensive police record, dating back to 1933, that includes charges of narcotics violations, theft of postal money orders and pandering.

More recently, loans went to Frank Occhipinti and John Campo, both long associated with underworld activities in New Orleans. Occhipinti is a cousin of Carlos Marcello, reputed underworld boss of the area.

Other loans have gone to Nofio Pecora, who got \$210,000, and Angelo and Jerome Comforto, who got \$15,000 each. They were also reported by law enforcement officials to be associates of Marcello.

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