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COMMONWEALTH OF PENNSYLVANIA
JOINT HOUSE AND SENATE JUDICIARY COMMITTEES

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In Re: Organized Crime Control

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Stenographic report of hearing
held in Majority Caucus Room,
Main Capitol, Harrisburg,
Pennsylvania

Friday
December 4, 1987
10:00 a.m.

HON. STEWART J. GREENLEAF, CHAIRMAN
HON. H. WILLIAM DEWEESE, CHAIRMAN

MEMBERS OF JOINT JUDICIARY COMMITTEE

Hon. Michael E. Bortner Hon. Nicholas Moehlmann
Hon. Thomas R. Caltagirone Hon. Michael O'Pake
Hon. Paul McHale

Also Present:

Michael P. Edmiston, Esquire, Chief Counsel
House Majority Judiciary Committee

Larry Washington, Esquire, Counsel
Senate Minority Judiciary Committee

Mary Wooley, Minority Counsel

Reported by: Dorothy M. Malone

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1 CHAIRMAN DEWEESE: Good morning, ladies and
2 gentlemen, and welcome to the December 4, 1987 joint
3 meeting of the House and Senate Judiciary Committees. On
4 behalf of my colleagues, especially my counterpart, Mr.
5 Greenleaf from the Senate, Mr. O'Pake, Mr. Moehlmann,
6 Mr. Caltagirone, Mr. Bortner; Mr. McHale is on his way and
7 staff, thank you for attending our hearing. The organized
8 crime control presentations will continue this morning
9 with Mr. Steven Twist, Chief Assistant Attorney General
10 of Arizona and he will talk about a variety of things,
11 among them the integration of criminal, civil and regulatory
12 remedies in organized crime control in Arizona. Mr. Steven
13 Twist, thank you very much for being with us this morning.

14 MR. TWIST: Good morning, Mr. Chairman. Thank
15 you very much for the invitation to appear before this
16 joint meeting of the House and Senate Judiciary Committees.
17 By way of background, I believe that my formal statement
18 has been submitted, Mr. Chairman, and I would ask that you
19 put that into the record for me. I won't read that to you,
20 but I would like to share with you initially some of my
21 background and tell you a little bit about the operations
22 in Arizona. Certainly at any time I would be happy to
23 answer any questions that you or any members of the
24 Committees might have.

25 My name is Steve Twist. I am the Chief

1 Assistant Attorney General for the State of Arizona and
2 am responsible directly to the Attorney General for the
3 operation of our office including now approximately 220
4 lawyers, over 500 total staff in the State Attorney
5 General's Office. Our responsibilities in the office
6 include anti-trust enforcement, consumer fraud enforcement,
7 licensing and regulatory enforcement. And more specifically
8 I think for your purposes here today organized crime,
9 white collar crime and racketeering enforcement for the
10 State of Arizona.

11 The problems that we have in Arizona, as it
12 relates to those specific areas, include all the traditional
13 organized crime problems which other states in the country
14 have experienced. We have people in Arizona who are members
15 of the families who engage in criminal conduct in the state.
16 And unlike some parts of the country, certainly unlike
17 New York, Philadelphia, Detroit, some of the major
18 metropolitan areas, Arizona still tends to be a fairly
19 open environment for organized crime activity. There is
20 not one family, for example, that controls all of the
21 criminal organized crime conduct that is operated by
22 traditional organized crime. In that sense, it is still
23 sort of, competition is the name of the game and we have,
24 as a result, many people from other parts of the country
25 who come and try to use Arizona for the forum for their

1 criminal activity.

2 In addition to that, of course, we have emerging
3 organized crime groups, prison gangs, the Aryan Brotherhood,
4 the Mexican Mafia. Some of the prison gangs that were
5 started in California many years ago have been exported
6 into the Arizona prison system. They engage in crimes
7 both in and out of the prison setting. We have, in addition
8 to that, many new criminal entrepreneurs I guess you would
9 call them, who are involved in every possible kind of
10 criminal activity. All for one purpose, and that is,
11 the acquisition of either power or profit. Our experiences
12 with these kinds of associations, and really they are
13 criminal enterprises. That is both a nonspecific word and
14 also a term that comes from our statute, our RICO statute.
15 These criminal enterprises, largely associations, in fact,
16 persons who are brought together or who come together for
17 the purpose of committing racketeering acts, and I have
18 included in my formal statement a copy of our racketeering
19 statute. You can see the list of predicate offenses that
20 are there and it is quite extensive. But these associations
21 in fact, whether they be new, emerging criminal entrepreneurs
22 or whether they be traditional organized crime family
23 members, come together and our experience in Arizona has
24 been that they will commit a full gamut of crimes. Any
25 criminal activity that produces for them profit or power.

1 Everything from fraud, securities fraud, every species of
2 white collar crime or fraud that you can imagine all the
3 way to murder, extortion. Of course, we have narcotics
4 problems in the state, hazardous waste, illegal dumping.
5 Arizona's deserts have become a dumping ground of preference,
6 in many cases, for operations in California or other parts
7 of the west where hazardous materials, hazardous wastes
8 are brought in and dumped in the Arizona desert without
9 authority and illegally. So there have been a number of
10 different areas where we have seen these enterprise crimes,
11 enterprise criminality pose challenges for both law
12 enforcement and the people of the State of Arizona.

13 I would like to tell you briefly a little bit
14 about sort of resources, both the legal resources and
15 human resources that we have been able, with the support
16 I would say of the Arizona Legislature, to bring to bear
17 against these problems. First of all, in 1975 shortly
18 following the bombing murder of an investigative reporter
19 for the Arizona Republic, Don Bolles, who at the time was
20 working on several investigative stories involving public
21 corruption and organized crime activity in our state,
22 traditional organized crime activity, he was blown up in
23 a bomb that was placed in his car in Phoenix and that
24 bombing probably more than any other single factor mobilized
25 the political community, the law enforcement community and

1 really the people of the state, and the Legislature was
2 quick to respond and enacted several new laws. Principal
3 among them, a state grand jury that allowed the Attorney
4 General's Office in Arizona, through its role of advisor
5 to the state grand jury, investigate and prosecute white
6 collar crime, public corruption, organized crime,
7 racketeering. And it has been the investigative powers
8 of the state grand jury that have allowed us not only to
9 get into the organized crime problem, but also, I think,
10 turn the corner on the land fraud and securities fraud
11 that really corrupted the Arizona marketplace during the
12 '60s and in the 1970s.

13 In addition to the state grand jury, we have
14 a wiretap statute, we have a use immunity statute, we
15 have a fairly extensive fraud statute patterned after the
16 mail fraud, federal mail fraud and wire fraud statutes
17 that don't require mailing or use of the wires. Simply
18 any misrepresentation for the purpose of obtaining benefit
19 and it is a very serious felony in Arizona. We get pretty
20 long prison sentences for the fraud crimes. Again, because
21 of this community reaction, not only to the bombing death,
22 but also to that white collar crime that so corrupted
23 our marketplace.

24 In addition to the legislative or statutory
25 resources that the Arizona Legislature has provided, they

1 have backed up the promise of those statutes with the reality
2 of resources to enforce them, and that is a critical
3 component with simply the laws on the books. The promise
4 of those statutes would be largely unredeemed without
5 the people available and the organizations available and
6 the political will, really, to enforce those statutes.

7 In 1980 we went to the Arizona Legislature and we received
8 from them an initial three and a half million dollar
9 appropriation for the purpose of hiring lawyers, civil and
10 criminal prosecutors, accountants, special agents, support
11 staff and we have put those together in what we loosely
12 call the organized crime project in our office. But they
13 are not all found in one unit in the Attorney General's
14 Office. We have divided up responsibility among a couple
15 of different divisions. I will sort of talk about that
16 more in a minute.

17 But I want to introduce that by saying our
18 basic approach to the enforcement of these laws and to
19 the attack against this social problem of enterprise
20 crime is to wage, really, a multi-front battle against
21 this criminal activity. And when I say multi-front battle,
22 I want you to keep in mind the perspective of working
23 from a state level office, in this case, a state Attorney
24 General's Office, where we have authority to represent
25 and take actions on behalf of regulatory agencies, for

1 example, real estate, securities, insurance, banking,
2 liquor control. And if you think for a second about any
3 ongoing enterprise crime that is related in some way or
4 involves in some way white collar offenses, you pretty
5 quickly realize that those people need licenses from the
6 state if they are involved in, say, the liquor industry,
7 they need liquor licenses, wholesaler licenses or retailers'
8 licenses. If they are involved in securities, they need
9 licenses to be securities salesmen or they need to register
10 their securities. If they are involved in real estate
11 transactions, they need real estate licenses from the
12 state. And this whole area of regulatory enforcement,
13 which has gone really underutilized or unutilized and
14 was so in Arizona and I think most of the country for
15 so many years, we have found to be a real important
16 component of our overall effort to wage this multi-front
17 battle. The main purpose being the creation of a totally
18 hostile environment. When I say environment, I mean
19 total environment for the people who are involved in this
20 activity. So regulatory enforcement is a key component of
21 our operation.

22 In addition to that, I would say the centerpiece
23 is for Arizona the state's RICO statute. We passed a RICO
24 statute in 1978. It became effective October 1, 1978.
25 With the resources that the Legislature gave us in 1980,

1 we now have the component of approximately 35 civil and
2 criminal prosecutors, approximately 50 special agents and
3 accountants and the requisite support staff to enforce the
4 civil and criminal aspect of our state RICO statute. Our
5 emphasis I will tell you is on the civil enforcement of
6 our RICO statute.

7 We started with this belief, I guess you would
8 say that the traditional way of dealing with enterprise
9 crime, trying to investigate and prosecute the principal
10 actors in a criminal enterprise through turning the street
11 people and having them produce evidence against their super-
12 visors who in turn produce evidence against their supervisors
13 with the strategy being to try to get the guy at the top and
14 as many of his lieutenants as you can bring into the net and
15 put them in prison for a period of time. I don't know what
16 the statistics are in Pennsylvania, but in Arizona the aver-
17 age length of time served in prison is a little less than 24
18 months. One of two things happen with that traditional
19 strategy. Either the person who was incarcerated and his
20 lieutenants continue to run their criminal enterprise out of
21 prison or law enforcement acted as this sort of natural selec-
22 tion mechanism weeding out the inefficient people and allow-
23 ing stronger or younger members of the organization to move
24 in. But one thing was certian, it did nothing, that
25 traditional strategy in more cases than not, did nothing to

1 disrupt or remove the power of that criminal enterprise.
2 And as a result, the crimes that they committed were largely
3 unaffected by the removal of one or two or three or four
4 people within the organization. Much the same as if the
5 chariman of the board of General Motors were going to be
6 removed, cars are still going to come off the assembly
7 line.

8 Here our focus has been not simply to slap, as
9 Professor Blakey has called it, the criminal label on
10 someone. But instead to try to develop a unified strategy,
11 a multi-front strategy to bring to bear all the powers of
12 the state. To disrupt the enterprise. To remove from
13 the enterprise the assets, the power base, the profit that
14 allows it to continue and to take that from the illicit
15 marketplace and restore it to the legitimate marketplace.
16 And we do that largely through, as I said, the civil use
17 of RICO not criminal prosecution. Although that is an
18 important component also of our strategy, but also, and
19 more importantly we believe, the civil component, the
20 injunctive relief, the forfeitures in civil cases, the
21 recovery of cost in investigation and prosecution, of
22 restitution for victims. And with that civil focus,
23 we are able in these enterprise cases to cause the actors
24 themselves to defend against a multi-front attack. They
25 may find themselves in front of a regulatory agency with
 their securities or real estate or liquor licenses at risk.

1 They may find themselves simultaneously in front of civil
2 courts, in actions where racketeering liens are allowed
3 under our statute and forfeiture actions are at issue. And
4 all of the civil discovery that is attendant with those
5 processes are available and so they will find themselves
6 called to depositions and forced to make a decision about
7 whether to invoke the Fifth in these civil actions. And at
8 the same time find themselves fighting another war perhaps
9 involved with an ongoing state grand jury investigation
10 or even a charge filed with the necessity of having to
11 defend that in the criminal court.

12 I can give you some examples, Mr. Chairman,
13 of the kinds of cases that we have been able to handle.
14 Some of these are included in the materials that I have
15 submitted. For example, in 1981 our office, using the
16 state racketeering statute, filed civil and criminal cases
17 against a man by the name of Robert Dale Buckner and several
18 of his associates. Bobby Buckner at the time was running
19 a ten million dollar a year massage parlor operation in
20 Phoenix in the metropolitan area. The massage parlor
21 operation that he ran was not simply a source for
22 prostitution, but much worse for the community, it was
23 almost a full scale crime emporium. You could buy or sell
24 stolen property. You could hire people to extort foes
25 of yours. You could deal in narcotics. Almost any criminal

1 activity that you can imagine was available through the
2 contacts of this massage parlor, theft and fencing, over
3 all racketeering enterprise. It was particularly susceptible
4 to civil and criminal RICO enforcement, because the essence
5 of this enterprise was the tremendous amount of property
6 they owned, fixed real property and buildings that were
7 the places where this activity occurred. As a result of
8 the enforcement action not only did Mr. Buckner get
9 sentenced to a 14-year term in the Arizona State Prison,
10 but also all of the property that he used, real estate,
11 the buildings, trailers, the bank accounts, all of that
12 property was taken from him through civil actions. And
13 when he ultimately comes out of prison, as he will after
14 serving much less than 14 years, he will return to nothing.
15 There will be no base of power for him to restart or
16 even during the period of his incarceration for him to
17 have continued his criminal enterprise.

18 Another case that the Attorney General's Office
19 dealt with was a more traditional narcotics importation
20 from Central America and Mexico, the San Manuego
21 crime family, which was located along the border between
22 Arizona and Mexico, their base of operation. Were
23 responsible for the importation of tons of marijuana into
24 Arizona and then for subsequent distribution through
25 the rest of the country. Again, through a combination of

1 criminal and civil racketeering enforcement not only were
2 the principal operators in San Manuego enterprise put in
3 prison, but also all of the real estate that they were
4 able to acquire through their criminal activity were
5 forfeited to the state and that property, some of which
6 was sold, represented then a value that could be turned
7 back to the legitimate community, either to law enforcement
8 in the form of proceeds from the sale of the land or the
9 land itself returned to the legitimate market for productive
10 use.

11 Another example, I know that in the east and
12 midwest you have major problems with theft and fencing
13 and automobiles, chop shop operations. We have the same
14 problem in the west. We were able, again, with RICO
15 enforcement, not only to break up a chop shop operation,
16 and when on the day search warrants were served, the
17 operation shut down for six months following that, the
18 auto theft raid in Maricopa County, the Phoenix metropolitan
19 area, dropped almost immediately by about 40 percent
20 because of the closing of this one particular chop shop
21 operation. This man had a remote site where he organized
22 juvenile gangs to go to shopping center parking lots and
23 had instructed them, had given kits to them on how to
24 steal cars, how to break into cars and steal them. They
25 would be transported immediately to a remote site, chopped

1 within a matter of hours from the time that they were
2 stolen and then fenced to California. In most cases, he
3 ran his operation at the foot of Superstition Mountain where
4 it is fabled that the lost dutchman gold mine is found.
5 He really had his own version of the lost dutchman because
6 he was making millions of dollars and was able to acquire
7 substantial pieces of prime commercial real estate in the
8 metropolitan area as a result of the money he acquired
9 through this criminal enterprise.

10 Not only again was he put in prison but all of
11 the commercial property that he was able to acquire, all
12 of the auto parts, he ran an auto parts yard that had a
13 pale of legitimacy to it in addition to these more secret
14 remote locations, all of that property was taken away from
15 him in this combination of civil and criminal enforcement.

16 The numbers that I have presented I think
17 somewhat speak for themselves, Mr. Chairman. If you would
18 refer at some point to the appendices attached to my
19 statement, overall we have been able to secure, by judgment
20 or otherwise, in excess a judgment or assets that are
21 currently secured by RICO liens. As of December 31, 1986,
22 in excess of \$30 million in recoveries to the State of
23 Arizona or to victims or to law enforcement agencies
24 through civil and criminal enforcement. Most of that is
25 through civil enforcement. These numbers now are somewhat

1 dated. There are a number of cases and recoveries as
2 going up almost exponentially as we get more active.
3 And I would think now that the number in December 31 of
4 1987 will be closer to probably \$45 million that have
5 been recovered again from the illegal, corrupt market
6 and restored to the legitimate marketplace.

7 In addition to that, significant prison terms,
8 it is not enough to just focus on civil. We think this
9 multi-front strategy is much more important. And the real
10 key, again I would emphasize, is not simply using one
11 strategy to the exclusion of all others but I would suggest
12 respectfully that in your deliberations you strongly
13 consider having the ability within the State of Pennsylvania
14 to wage a regulatory, a civil RICO and a criminal RICO
15 enforcement effort. That strategy has proven to be quite
16 successful for us in Arizona. It is the only one we believe
17 that promises to create this hostile environment for the
18 people who are committing this enterprise crime. It
19 certainly has, as its centerpiece, civil RICO. But civil
20 RICO is in large measure the concept which brings together
21 this multi-front war. It allows us to think in new ways
22 about enterprise crime and really gave us this new window
23 to pursue regulatory enforcement as well as civil and
24 criminal action.

25 When you think of civil RICO, it allows you to

1 see these, what were earlier viewed as criminal problems
2 as really social problems and to bring to bear all of the
3 power that society has to solve that social problem. I
4 would think the outline that has been laid out before the
5 Committee and that I have now had a chance to consider
6 is one that would in fact give you this sort of bird's-eye
7 view of the social problem and give you an ability at the
8 state level to deal with this problem in a multi-front
9 kind of way.

10 You will find that the benefits of that are
11 enormous. Not only for the ultimate goal of stopping
12 a criminal enterprise activity but also for the sense of
13 invigoration that it gives to your law enforcement agencies
14 who can see recoveries of money. Who can see the actual
15 production of wealth that is restored from the illegitimate
16 market to law enforcement purposes or for victims. And
17 that we think is the real hallmark of this multi-front
18 approach.

19 Mr. Chairman, I will be happy to answer any
20 of your questions or certainly of any members of the
21 Committee. Thank you.

22 CHAIRMAN GREENLEAF: Thank you. Let me,
23 first of all, say we appreciate you coming from Arizona
24 to make this presentation and to give your thoughts on
25 your experience in Arizona. We appreciate the time and

1 effort you have taken to be here and also for your
2 presentation.

3 BY CHAIRMAN GREENLEAF:

4 Q I have, I guess the main thrust of these
5 hearings are developing, the one that has most intrigued
6 me, that is we have dealt with a number of pieces of
7 legislation trying to deal with organized crime in
8 Pennsylvania and to adopt those tools that would be most
9 helpful for our law enforcement agencies. There have been
10 arrests and there have been prosecutions. I don't think
11 that we have the focusing of all of our law enforcement
12 agencies onto organized crime. I think part of the reason
13 is it is areas where you need some expertise and some
14 sophisticated investigation that is not normally associated
15 with crimes such as burglaries, normal burglaries,
16 robberies, normal robberies, if there is a normal robbery
17 and burglary type situation. Was it the death of this
18 newspaper journalist that marshalled, focused those law
19 enforcement efforts onto organized crime? If it was,
20 I see on your organizational chart, but is your organization,
21 is the group, how do you maintain that? I think it is
22 not -- the investigation of organized crime does not
23 involve a few months of work. It involves year after year
24 if you are going to make any input and dent in their
25 activity because they are organized and they are ongoing and

1 you can arrest one person, but as you say, they are replaced
2 by someone else. You can take someone's car but, as you
3 say, there is millions of dollars in assets available.
4 So the solution of the problem is a continuing ongoing
5 effort by law enforcement and more than just a couple years,
6 three years, four years. You are talking about a decade.
7 It has nothing to do with who happens to be involved with
8 law enforcement at that time because the prosecutors come
9 and go and change, investigators, police chiefs, state
10 police all change over the years. How do you maintain that?
11 Have you made an effort to do that in Arizona? How do
12 you maintain that focus and that ongoing effort?

13 A First of all, Senator, it was the bombing that
14 I think focused the attention of the state on the problem
15 of organized crime and fraud, enterprise crime, if you will,
16 that was occurring in the State of Arizona. And it was
17 that act which, I think, mobilized the Legislature to action.
18 They passed these statutes, the state grand jury statute,
19 use immunity, wiretaps. All of these tools that were
20 available for law enforcement. And since then the
21 Legislature has been, if you're going to have a successful
22 effort in any state, the Legislature needs to be continually
23 responsive to requests to improve those legal tools that
24 are on the books, and our Legislature has done that and
25 without that, they are a key component to this overall

1 state strategy. But with just the statutes on the books,
2 the promise of those laws, as I believe I said, would be
3 largely unredeemed because they are words on paper without
4 the resources and the organization to enforce them.

5 And what we have tried to add to the statutes,
6 those words on paper, is an organization that allows the
7 focus and the strength of those laws to be brought to bear
8 against enterprise criminals. I think that the success
9 of that strategy is largely dependent upon this view that
10 RICO gives to prosecutors. We have tried to get beyond
11 the criminal mind set, if you will, of looking at crimes
12 as isolated events and trying to prove the elements of
13 those particular crimes and try to get a conviction and a
14 criminal punishment. RICO has allowed us to look at much
15 more than simply isolated criminal acts.

16 Q The source.

17 A It has allowed us to look at the associations
18 and the motives and the purposes for those associations
19 in crime. It has given us the tool to go after not just
20 the criminal, but in many more cases more importantly,
21 the criminal's power is profit, his base that supports the
22 enterprise crime. And with our regulatory enforcement,
23 with our civil RICO enforcement, we have been able to,
24 I think, achieve some success in much less than the decade
25 that you might expect if you are only having a criminal

1 focus. We have, only since 1980, been able to literally
2 close down wholesale criminal enterprises that have
3 dramatically affected the crime rate.

4 Q You mentioned, let me ask you, I'm sorry, I
5 didn't bring my glasses so I can't see your chart. But
6 you mentioned during your presentation organized crime
7 projects, and what I'm trying to get at is how are you
8 maintaining that effort? How are you maintaining that
9 thrust?

10 A Well, the key thing in the project is the
11 combination of lawyers who can do both civil and criminal
12 prosecution, accountants, agents, support staff, paralegals,
13 all of whom work together in a task force organization.

14 Q So it is a task force that you created that is
15 causing this momentum, this continued momentum?

16 A The critical thing in terms of organization I
17 think is the ability to bring together lawyers and agents
18 and accountants who can work from the very beginning of
19 matters in the office and who can make collective decisions
20 during the course of an investigation to at any time in
21 that investigation then make a collective decision again
22 on whether an appropriate action might be initially a
23 regulatory action or a civil complaint being filed or
24 liens being attached or a criminal prosecution being
25 commenced. But with that combination of persons from the

1 beginning who work essentially under the same roof, you
2 have the ability to make those decisions. Whereas, if you
3 have a traditional structure where a police agencies are
4 here and they work up cases and they bring those cases to
5 the prosecutor and the prosecutor makes an initial
6 determination of whether to turn down the case or not,
7 that kind of standard way of doing business simply won't
8 work for this enterprise crime.

9 Q This organized crime task force that you have
10 created is it under the governor or is it under the Attorney
11 General?

12 A No. The chart that you are looking at is
13 the chart that has been prepared by the Crime Commission,
14 but it is not a chart of Arizona's organization. The
15 Attorney General in Arizona is a constitutional officer
16 who is empowered to carry out this enforcement responsibility
17 concurrently I would add with local, what in Arizona are
18 called the county attorneys, here the district attorneys.

19 Q Do you have county district attorneys in
20 Arizona?

21 A Yes, there are 15 counties, 15 local county
22 attorneys who are prosecutors and we make, I think a
23 successful effort to coordinate our enforcement action
24 with the action of the local prosecutors and there are
25 many times when we have worked jointly on cases.

1 One of the promises again of RICO that is
2 fulfilled for law enforcement in our state is that it
3 encourages cooperation because there is the opportunity
4 for recovery of cost of investigation and prosecution.
5 Now if we pool our resources and thereby are able to handle
6 cases that independently we wouldn't have been able to,
7 we have a benefit down the road because we can recover,
8 if we are successful, cost of our investigation and
9 prosecution. So everybody benefits financially from that
10 arrangement.

11 Q Who appoints the members of the task force?

12 A Well, in Arizona again, we don't have a task
13 force. This organization --

14 Q Is it a crime project? It's not a task force
15 or it is not even, when you say organized crime project,
16 that is just a loose group of law enforcement agencies
17 that are working together under the Attorney General's
18 Office?

19 A It is principally prosecutors and agents and
20 accountants in the Attorney General's Office employed by
21 the Attorney General. On more cases than not, we also
22 bring in local law enforcement agencies and have a
23 combined task force, if you will, to handle that particular
24 case. That was true with all of the cases that I cited
25 in my earlier testimony and RICO has really encouraged that

1 kind of cooperation among local and state law enforcement
2 agencies because everyone can see positive results and not
3 at some point in the distant future, almost immediately.

4 CHAIRMAN GREENLEAF: Mr. O'Pake.

5 BY SENATOR O'PAKE:

6 Q I, too, want to express my appreciation to you
7 for coming to Pennsylvania from Arizona in December to
8 testify.

9 A Well believe it or not I was actually hoping
10 for the reported snow. It was 75 in Phoenix when I left.

11 Q Stick around.

12 (Laughter.)

13 The Attorney General in Arizona is elected,
14 is that correct?

15 A Yes.

16 Q What percent of the state budget goes to the
17 Attorney General's Office?

18 A Senator, I would think the state budget is
19 right now \$2.7 billion. The Attorney General's budget
20 is 15 million.

21 Q Total?

22 A Yes.

23 Q You get a lot of bang for your buck out of
24 15 million.

25 A That is because of RICO and because of this

1 task force approach we think.

2 Q Are there any constitutional challenges to
3 the state RICO statute anywhere? If so, with what success
4 or what is the result?

5 A Well, there have been some in Arizona and let
6 me, if I may, Senator, refer you to page 4 of my prepared
7 remarks and let me just give you the reaction of the
8 Arizona Supreme Court to the state RICO statute.

9 Q Is that what that decision was, did that
10 sustain the constitutionality of the Arizona RICO statute?

11 A In one aspect, it wasn't an overall attack
12 on the constitutionality of the statute, but I think that --

13 Q That is just language, that is not holding
14 to anything.

15 A The statute has been sustained as being
16 constitutional in every attack at the Superior Court level
17 of the Court of Appeals or the Supreme Court level of
18 no constitutional --

19 Q How about the federal courts?

20 A There has been no challenge, no constitutional
21 challenge to the statute in the federal courts that I am
22 aware of. Certainly none that have been successful, and
23 as I say, it has been on the books since 1978.

24 Q Which is about the same time we enacted the
25 use immunity and wiretap and other tools here in

1 Pennsylvania. What do you think the difference has been?
2 As I understand it the same tools that you have in Arizona
3 existed in Pennsylvania since '79. Is it just the RICO,
4 the civil RICO option?

5 A Our statute is actually much broader than either
6 the federal statute or the Pennsylvania statute, certainly
7 much, much broader than the Pennsylvania statute.

8 Q Which statute?

9 A Our RICO statute. I know there has been a lot
10 of discussion at the federal level about the application
11 of federal RICO to fraud. Arizona covers fraud in its
12 RICO statute like a dark cloud. We do not even require a
13 pattern for our RICO statute. One act of racketeering is
14 sufficient to bring to bear trouble damages, all the
15 injunctive relief, all the criminal penalties. We have
16 extensive civil enforcement authority in our RICO statute,
17 both private and government. And I would think that one
18 thing that accounts for the difference, to get directly
19 to your question, the key components I believe of our
20 success has been civil RICO. Has been the ability not to
21 just go after people and trying to put them in prison
22 for a year or two, but to go after the power of the
23 enterprise and that is the money and that is what civil
24 RICO has allowed us to do. That I think is really largely
25 responsible for our success.

1 Q I heard recently a talk, and I forget the
2 attorney's name from Arizona, who said that Arizona has
3 been very effective in using your statute down there to
4 put a real dent into the pornography industry. Can you
5 share with us any of your experience on that? How did
6 you do that?

7 A Actually, I'm not sure what that attorney was
8 referring to to be honest with you, Senator.

9 Q It had to do with a federal court decision
10 out of the circuit which covers Arizona. Is it your
11 testimony you don't use this against the pornography
12 industry?

13 A Our office has never brought a RICO case
14 involving obscenity as a predicate offense. We have brought
15 cases, as I mentioned, involving a massage parlor/crime
16 enterprise that were going on in Maricopa County. The
17 Maricopa County attorney's office has been prosecuting
18 obscenity cases. But I do not think that they have ever
19 used a RICO statute in connection with that prosecution.
20 I will tell you, Senator, that we are now just beginning
21 in our office a child pornography investigation or task
22 force and we certainly expect, in connection with that,
23 to employ the RICO statutes but it would be wrong for me
24 to tell you that we have used it successfully or at all
25 because it simply has not been the case.

1 Q Are you aware of the Pennsylvania statutes that
2 we have an investigative grand jury now, we have an elected
3 Attorney General that is independent of the Governor? How
4 do you compare the Pennsylvania statutory framework to
5 Arizona's other than the civil RICO statute? What else do
6 you do differently which might account for your successes
7 and our lack of activity in Pennsylvania?

8 A I am really not familiar enough with Pennsylvania
9 law to be able to give you the best answer that I am sure
10 you could get to that question. But from our perspective,
11 I would put civil RICO enforcement number one on the list
12 for what accounts for the difference if there is any. I
13 would put regulatory enforcement number two. I don't know
14 what your regulatory enforcement authorities are or who is
15 in power to take that action.

16 But I will give you one example.

17 In, I guess it was about four years ago Peerless
18 Importers from New York came to Arizona and acquired a
19 wholesale liquor distributing company, All American
20 Distributing. We alleged that Peerless and therefore its
21 subsidiary, All American Distributors, in Arizona was a
22 wholly owned property of organized crime and that therefore
23 they should not be entitled to a liquor -- a wholesale
24 distributing liquor license.

25 And in the context before the State Liquor

1 Board of a licensing action, we litigated whether or not
2 Peerless Importers was going to be able to do business in
3 Arizona. It wasn't a criminal prosecution. It wasn't even
4 a civil RICO prosecution. But through the context of that
5 enforcement action, that regulatory enforcement action,
6 they don't do business in Arizona.

7 Q Let's talk a little bit about wiretap. How
8 important has it been, the success of your attack on
9 organized crime to use wiretaps and to what extent do you
10 have any numbers on those?

11 A We, up until about two years ago, did not
12 extensively use the wiretap authority.

13 Q Why not?

14 A Frankly, because most of the enterprise crimes
15 that we were prosecuting at the time were securities fraud,
16 tax shelter fraud, white collar crimes and we simply did
17 not need to use that investigative authority in connection
18 with those cases. And that investigative technique was
19 not as promising as some other insiders who would go in
20 wired to be sure but not recording conversations over the
21 telephone. In the last couple of years, however, that
22 has changed and now that is an integral part of at least
23 five cases that we have under way. Both the electronic
24 eavesdropping and wiretaps are used now in investigations
25 that we have.

1 Q Is your wiretap statute included in this packet?

2 A No, sir.

3 Q Could you send it to us?

4 A Definitely. And we are in the process of --

5 Q Do you have to go to court to get permission
6 to tap?

7 A Yes.

8 Q In all cases?

9 A Yes.

10 Q You don't have one party consensual kind of
11 thing?

12 A If we want to listen to somebody else's
13 phone conversation, we have to get a court order. If we
14 want to place a bug, we have to get a court order. If we
15 want to record conversations that we are a party to, we
16 can do that without any court order. That is permissible.

17 Q You can wire a drug agent?

18 A Yes.

19 Q And send him in undercover and you don't
20 need a court order for that?

21 A That is correct. Now, we are in the process
22 of amending or rewriting our wiretap statute, as I am
23 sure many states are, to conform with the federal
24 amendments. I think this year is the last year, or
25 1988 is the last year, when states will have the

1 opportunity to conform their statute.

2 Q Do you have anything in Arizona like our
3 independent Pennsylvania Crime Commission which is an
4 investigative agency but has no power to prosecute or
5 is everything under the Attorney General? Do you have
6 anything like our Crime Commission?

7 A No, in Arizona, law enforcement is principally
8 the local police departments, the local county sheriffs,
9 the county attorneys, the local prosecutors, the State
10 Attorney General and the State Department of Public Safety.
11 And at the state or local level excluding federal agencies.
12 There is no separate or independent investigative or
13 enforcement authority like the Commission.

14 I will say, however, that there is an Arizona
15 Criminal Justice Commission which brings together local
16 and state law enforcement officials. They have the
17 authority to look into the operations of enforcement
18 authorities around the state. They have a funding arm
19 and it is an opportunity for a more coordinated effort.

20 Q But that is mostly a grant dispensing agency.
21 We have one of those here. We call it the Pennsylvania
22 Commission on Crime and Delinquency. It is a central
23 coordinating agency that disburses federal funds for law
24 enforcement. But they have no investigative power.

25 A That is correct.

1 CHAIRMAN DEWEESE: Mr. Caltagirone from Berks
2 County and then Mr. McHale from Lehigh County.

3 BY REPRESENTATIVE CALTAGIRONE:

4 Q Mr. Twist, how do you integrate, coordinate the
5 criminal, civil and regulatory remedies in your office?

6 A One thing that makes it easy is that all the
7 people who do that work for the same person, the Attorney
8 General, and he sort of has the ability to ensure that those
9 people are going to work together. But this is how we do
10 it. Our office is divided up into several divisions.
11 Among them are the civil division and lawyers in our civil
12 division represent all of the major regulatory agencies.
13 Like for example, liquor in the Peerless case that I
14 mentioned.

15 We have a financial fraud division where lawyers
16 are responsible for enforcing the civil remedies of the
17 state RICO statute. And then we have an organized crime
18 and racketeering division where lawyers handle the state
19 grand jury investigations and prosecutions of racketeering
20 offenses.

21 When a particular matter comes into the office,
22 we do not decide on day one that the matter is regulatory
23 or civil or criminal. We look at it as a problem and we
24 assign agents to it and we may or may not assign one or
25 more lawyers in the beginning. Then we conduct an

1 investigation. We collect facts. We see what are the
2 facts with respect to this complaint or this particular
3 matter. And as the investigation goes on, then we are able
4 to make decisions about bringing in additional people or
5 changing the focus from, say, initially an unstructured
6 focus to a regulatory focus. But the operation that we
7 have gives us the flexibility to make those decisions as
8 the investigation goes on. It further gives us the
9 flexibility to then, at the appropriate time, make
10 decisions about, okay, we are going to file an action to
11 revoke a license or at the same time a civil RICO or at
12 the same time open up a grand jury matter or seek an
13 indictment.

14 And it is this task force approach, and at
15 the same time, we also will bring in other law enforcement
16 agencies if the facts require it. So by starting with
17 a team approach in the beginning, we are able to coordinate,
18 without making decisions up front about whether this is a
19 criminal case and we are going to assign it to these
20 criminal prosecutors.

21 Q Within that group what is the relationship
22 between the criminal/civil regulatory attorneys and
23 investigators within your office?

24 A We have a special investigations division and
25 the agents in that division report to a chief counsel who

1 reports ultimately to the Attorney General. We also then
2 have lawyers in these other divisions who report up through
3 a separate chain of command. But in any particular case,
4 we will assign a lawyer and one or more agents to work
5 on a matter and that really, that entity then exists
6 outside the formal chain of command. They are assigned
7 that case and they make collective decisions if there is
8 some dispute among them about what the proper course of
9 conduct is then ultimately that dispute might get up to
10 the Attorney General to be resolved. It is highly unlikely,
11 but because there is a good working relationship and they --
12 and that also is true with the local agencies. Could be
13 local prosecutors or local law enforcement agencies that
14 also participate in those groups that get formed around
15 particular problems.

16 Q One final question, your civil remedies, how
17 successful has it been overall?

18 A We think that it has been quite successful
19 and the success is due to the statutory tools and the
20 resources the Legislature has given us in the, really,
21 I guess now five years that we have been fully operational.
22 When the Legislature appropriated the money for our organized
23 crime project in 1980, it did so over sort of a phase-in
24 period. So I think over the last five years we have been
25 fully operational. I think the recovery in civil cases

1 have probably now close to \$30 million in those five years
2 through civil RICO actions speaks for itself.

3 REPRESENTATIVE CALTAGIRONE: Thank you. Thank
4 you, Mr. Chairman.

5 CHAIRMAN DEWEESE: Mr. McHale.

6 REPRESENTATIVE McHALE: Thank you, Mr. Chairman.

7 BY REPRESENTATIVE McHALE:

8 Q Mr. Twist, I have been very impressed by your
9 vigorous endorsement of civil RICO remedy as adopted in
10 Arizona. My questions follow up on the line just pursued
11 by Representative Caltagirone. I am looking at the appendix
12 that was attached to your testimony and you have a chart
13 that is included in that appendix that indicates civil
14 prosecutions between October 1st, 1978 and December 31st,
15 1986. I will give you a moment to find that. You indicate
16 on the first line there that the judgments awarded amount
17 to \$16.6 million and assets secured by judgments of 6.8
18 million for a total of 23.4 million. The judgments awarded,
19 are those judgments that were awarded but could not be
20 satisfied? Is that what that breakdown indicates?

21 A No. Those were judgments that were awarded,
22 and in many cases, were paid. The assets secured by
23 judgments refer more to, in Arizona under our statute,
24 we have the ability even at the beginning of a case to
25 file what we call a racketeering lien to preserve physical

1 property for ultimate recovery and that -- those properties
2 would be more likely included in the assets secured by
3 judgments category.

4 Q Then that total 23.4 million really does
5 reflect actual dollars recovered under the civil RICO
6 remedy. Is that accurate?

7 A Almost actual, pretty close. We are in the
8 process of continuing efforts to collect some portion of
9 that right now, but it is pretty close.

10 Q Did I understand your testimony correctly that
11 under the Arizona statute a civil RICO remedy may be
12 initiated either through a private complaint or public
13 complaint?

14 A Yes.

15 Q Does this total 23.4 million reflect both
16 private and public complaints?

17 A Only those complaints or cases that our office
18 has been involved in. No private and no local prosecutor.
19 You would have to add to this to get a complete picture
20 of how it is working in Arizona, you would have to add to
21 this all of the local RICO cases that have been filed
22 by county prosecutors and all of the civil cases. And
23 there have been scores in both categories.

24 Q That is what I am getting at and I realize
25 this would have to be a ball park estimate. But if you

1 could give us kind of an impressionistic view, looking at
2 the entire picture, the local civil RICO remedies pursued,
3 the private civil remedies pursued, plus the remedies
4 reflected here in your office, what would you estimate
5 would be the total recovery on behalf of the public?

6 A I think a fair figure would be close to
7 \$50 million.

8 Q That's very impressive. When your office
9 acquired the ability to file a civil RICO remedy, I am
10 curious as to the impact of the resources of the Attorney
11 General's Office. I am not familiar, at least certainly
12 not intimately familiar, with the litigation process
13 involved in pursuing a civil RICO remedy. Are these,
14 again, I am asking for a generalization, are these
15 complex civil suits?

16 A Yes, they are. Usually, particularly the
17 white collar predicates involved in a RICO case usually
18 involve tens of thousands of documents and we have
19 used it in tax shelter frauds I would say, securities
20 frauds, land fraud operations and so they do tend to
21 produce a lot of paper.

22 Q This may have appeared earlier in your
23 testimony. Forgive me if it did. Approximately how many
24 revenue
civil RICO/cases does your office file per year?

25 A Well, the number keeps going up every year.

1 I would say, my prediction would be in 1988, our office
2 will probably file 20 cases. Now, those would be major
3 civil RICO cases. We have just started a new unit,
4 financial remedies unit, in the office and we intend to
5 use that for many more smaller forfeiture cases. Our
6 Legislature two years ago passed extensive revisions to
7 the state forfeiture statute and as a result of those
8 changes may get much more beneficial now for us to pursue
9 many smaller forfeiture cases and we intend to do that.
10 And so, we might do 50 of those next year.

11 Q Do you normally file your civil RICO suit
12 simultaneously with criminal charges or would you normally
13 initiate the civil remedy after the conviction of the
14 accused?

15 A We have done it in every possible combination.
16 We have sometimes gone with the civil case first. Sometimes
17 gone with the criminal case and within the context of
18 a criminal case sought civil remedies and sometimes
19 followed a criminal case by a civil case.

20 Q Because of the speedy trial requirement I am
21 guessing normally you would conclude the criminal matter
22 before you would complete the complex civil suit. Is that
23 accurate?

24 A Yes.

25 Q Again, just as an impression, assuming someone

1 is tried, and in the appropriate case convicted within,
2 let's say, 180 days. How long would the civil suit
3 related to the same factual basis normally go on? Do
4 the civil suits survive criminal prosecution by a year,
5 two years? What kind of time frame?

6 A We have a provision in our law which I think
7 is similar to the Pennsylvania provision. It comes from
8 the federal statute. It says that a person who is
9 convicted in a racketeering case is stopped from denying
10 the essential allegations in any related civil case. A
11 conviction tends to shorten the civil litigation significant-
12 ly.

13 One thing I should add is that we have found
14 sort of originally, unexpected or unintended consequence
15 of our civil RICO enforcement that if it goes first, it
16 tends to be a great means for investigating, through the
17 use of civil discovery and getting evidence that can
18 subsequently be used in a criminal prosecution. That
19 certainly was true in the Buckner case where we deposed
20 many of the prostitutes who worked for Buckner and were
21 really able to discover significant evidence that supported
22 the subsequent criminal prosecution.

23 Q That seems to be a very effective tool.

24 When you win, let's say, one of these, let's
25 say, there is extensive discovery and you ultimately prevail

1 at trial, in the civil matter, what is the likelihood, based
2 on your experience, of an appeal by the defendant? Are
3 these cases that are typically hard fought at trial level
4 and they are almost invariably taken up on appeal or do
5 they normally throw the towel in when they lose at trial
6 level?

7 A My overall experience has been every one of
8 our cases is hard fought and every case is appealed and
9 that is not just RICO cases. That is every case.

10 In our office we handle probably 99 percent of
11 the criminal appeals in Arizona and it is rare, I believe,
12 when a conviction is not appealed.

13 Q In the civil area most of the RICO successes
14 at the trial level are taken up on appeal?

15 A Fewer, but probably half.

16 Q Is there any kind of pattern of success or
17 failure on appeal?

18 A We have not had one judgment overturned as a
19 result of an appeal that attacked the statute or attacked
20 any aspect related to the case.

21 Q It seems to be a tool that is working pretty
22 well.

23 A I think the statement on page 4 of the Supreme
24 Court indicates their receptiveness to the statute.

25 Q Once the Attorney General's Office obtains this

1 very effective civil remedy involving, as you have described
2 it, sometimes very complex civil litigation, what was the
3 practical impact on the personnel resources within the
4 Attorney General's Office? Did you have to begin allocating
5 a greater degree of your resources towards civil litigation
6 that had been traditional?

7 A We went to the Legislature specifically for
8 the purpose of asking for an appropriation that would
9 allow us to hire people to enforce these new laws. The
10 Legislature responded. Initially I think we got 15 or
11 20 lawyers, again spread out over, phased in over a period
12 of time. I think ten agents with that and we have since
13 grown beyond those initial funding numbers. So we went
14 out and sought money for and got positions established
15 and hired people specifically to do that.

16 Q Did they become part of your pre-existing
17 civil division or was this a new entity?

18 A They became part of our financial fraud
19 division and our organized crime division and our special
20 investigations division, but hired, recruited specifically
21 for this purpose.

22 Q Do they prosecute any criminal cases or are
23 they exclusively civil litigators?

24 A Initially, we had civil litigators and
25 financial fraud who did civil RICO and criminal prosecutors

1 and organized crime who did criminal prosecutions. We are
2 evolving toward a more unified effort so that the civil
3 lawyers can handle criminal prosecutions and the criminal
4 lawyers can handle civil RICO cases. Again, to give us
5 the flexibility that as problems come in, we can look at
6 the variety of remedies and penalties that are available
7 to deal with that problem and any lawyer can pick what is
8 best in conjunction with the agent that is working on it.

9 Q In summary it seems that to pursue civil RICO
10 remedy does require an increased investment in personnel
11 resources. I gather in your opinion, it seems to be clear
12 from your testimony, you believe that is an investment
13 that is very worthwhile. If you have to hire 15 to 20
14 new lawyers to pursue the civil RICO remedy, but that the
15 net benefit from that investment justifies the increased
16 personnel and hiring costs.

17 A I think that is absolutely true.

18 REPRESENTATIVE McHALE: Thank you, Mr. Chairman.
19 BY CHAIRMAN DEWEESE:

20 Q Sir, I only have one question, yes or no.
21 Organized crime could be dealt with more effectively if
22 we had some anti-trust legislation on the books in
23 Pennsylvania. We are only one of six states that doesn't.
24 Yes or no, do we need some anti-trust legislation on the
25 books vis-a-vis our fight against organized crime?

1 A Yes.

2 CHAIRMAN DEWEESE: The last question, Mike
3 Bortner, York County.

4 BY REPRESENTATIVE BORTNER:

5 Q One or two questions on the structure of your
6 office or your system in Arizona. Your counties' state
7 attorneys, are they elected?

8 A Yes.

9 Q Do you have any formal relationship with them,
10 supervision, supervisory or authority or --

11 A The criminal jurisdiction of the county attorneys,
12 the county prosecutors in Arizona is broader than the
13 jurisdiction of the Attorney General's Office. They have
14 jurisdiction to prosecute any crime that occurs within
15 their county. The Attorney General's jurisdiction is
16 pretty expansive but not that expansive. So there are
17 sort of the concurrent spheres where we both operate.

18 Now the Attorney General's statute sets up
19 the office that says that he will have, I forget the
20 language, supervisory powers over the county attorneys
21 and they require them, such as torts, as he deems
22 appropriate or something like that. It is never used.
23 It doesn't happen. The Attorney General doesn't supervise
24 the local prosecutors. They are constitutional elected
25 officers in their own right and we are, they have primary

1 responsibility. We try to assist them and at the same
2 time carry out our own litigations. But we do make extra
3 effort because it is so important to cooperate on these
4 enterprise cases and RICO has facilitated that.

5 Q I guess what made me ask the question, I
6 thought you said you handled, your office handled about
7 90 percent of the criminal appeals?

8 A Yes.

9 Q Which I find quite astounding based on my own
10 experience.

11 A Yes, our criminal division, which has all the
12 appellate lawyers in it, when a notice of appeal is filed
13 after a trial court conviction --

14 Q Your case or any criminal case?

15 A Any criminal case. That file basically is
16 transferred from the county attorney to the Attorney
17 General and our lawyers write and argue those cases in
18 the Court of Appeals and the Supreme Court.

19 Q So you essentially handle all the criminal
20 appeals then for all the county attorneys?

21 A Yes.

22 Q Just one last question. You have referred to
23 the term or used the term creating a hostile environment
24 for organized crime. Do you think that that environment
25 acts as a deterrent to organized crime either coming into

1 Arizona or emerging in Arizona or are the profits and gains
2 too great that everybody runs the risk anyway?

3 A If you let me answer your question by putting
4 narcotics aside, because that I think is a special case
5 where, in fact, it may be the profits are so high that
6 even the deterrent of this weapon isn't enough and we
7 don't know yet. Because we are just now beginning to see
8 sort of a corridor shift from the Gulf Coast in Florida
9 to southwestern Arizona for the corridor of preference
10 for trafficking.

11 But if I can put that outside the scope of
12 my answer, I think it is a significant deterrent. I think
13 particularly for the, not maybe the core people. I make
14 a reference in the printed remarks to these, sometimes
15 people at the center who are motivated because they have
16 self-cultural values or whatever it might be, who just
17 cannot be deterred. They are career lifetime criminals.
18 But for these enterprise crimes to exist, they have to
19 have associated with them all kinds of people who are
20 in it just for the money. Not just because they have
21 some sub-cultural criminal value that they are trying to
22 satisfy. But these peripheral people are in it for the
23 money. Those people are clearly deterred by this kind of
24 enforcement because the stakes are just too high.

25 Q Are you chasing them over into California and

1 New Mexico?

2 A Yes. Every chance we get.

3 Q I wondered if it would have that effect.

4 A Well, one example, the Buckner case, that
5 massage parlor crime operation left. Buckner is now
6 in prison. But many of the people who worked for him
7 we know ended up in California. That is one example.
8 I am not saying that that is --

9 REPRESENTATIVE BORTNER: Sure. Thank you.
10 Thank you, Mr. Chairman.

11 CHAIRMAN DEWEESE: You are welcome. Thank
12 you, sir.

13 MR. TWIST: Thank you very much.

14 (Complete prepared testimony of Steven J. Twist
15 was as follows:)

16 INTRODUCTION

17 "Good morning. The Arizona Attorney General's
18 Office appreciates this opportunity to testify about
19 its experiences in applying Arizona's racketeering
20 statutes, and hopes that its experience can be of
21 use to Pennsylvania.

22 STATUTES

23 "Arizona's Racketeering Act became effective
24 in 1978. It was modeled after the federal Racketeer
25 Influenced and Corrupt Organizations ('R.I.C.O.')

1 portion of the Organized Crime Control Act of 1970,
2 and incorporated several of the concepts collected
3 in that Act. Arizona's racketeering and related
4 statutes are at Appendix A, the federal RICO is
5 Appendix B. A general revision of the Arizona
6 Criminal Code and other legislation enacted at
7 about the same time incorporated a number of other
8 legislative initiatives related to organized crime
9 and white collar crime, including a statewide grand
10 jury, statutory use immunity, witness protection,
11 sentencing enhancement and a provision entitled
12 'leading organized crime,' A.R.C. § 13-2308, aimed
13 at dominant participants in criminal networks,
14 called 'criminal syndicates.'

15 "Arizona's Racketeering Act is somewhat broader
16 than federal RICO. For example, it requires no
17 'pattern' of racketeering conduct, so a single act
18 of racketeering gives rise to treble damages. This
19 is especially significant in light of the list of
20 predicate offenses and its inclusion of the crime
21 of money laundering. Otherwise, Arizona and federal
22 practice is comparable.

23 ORGANIZED CRIME PROJECT

24 "Arizona's Racketeering Act was used in criminal
25 prosecutions soon after its effective date in 1978,

1 especially by prosecutors in metropolitan areas
2 dealing with complex conspiracies and frauds. Civil
3 racketeering cases were first filed in major fraud
4 cases discovered in regulatory contexts, such as
5 securities and real estate regulation. It was not
6 until the Legislature appropriated significant new
7 funding for an Organized Crime Project in 1980 that
8 Arizona began to explore the full potential of its
9 statutory advances.

10 "The Organized Crime Project funded a number of
11 new prosecutor and investigator positions within the
12 Attorney General's Office. The criminal prosecution
13 function was located in the Special Prosecutions
14 Division, later named the Organized Crime and
15 Racketeering Division, which had a history of major
16 fraud prosecutions since its creation in 1976. The
17 state grand jury is advised by attorneys in this
18 division. The civil function was located in the
19 Financial Fraud Division, joining a unit prosecuting
20 consumer fraud civilly and a unit of attorneys
21 representing state agencies such as real estate,
22 securities, banking and insurance. This year, the
23 evolution of racketeering enforcement has led to the
24 creation of a new unit of attorneys and investigators
25 specializing in forfeitures, called the Financial

1 Remedies Unit, located within the Special Investiga-
2 tions Division of the Arizona Attorney General's
3 Office. This unit reflects the growing importance
4 of forfeiture as a tool and the resurgence of
5 narcotics importation activity in Arizona. Attorneys
6 in this unit will appear before the grand jury,
7 particularly in drug-related cases.

8 "The Organized Crime Project has benefited
9 from a major legislative innovation in the form of
10 an Anti-Racketeering Revolving Fund, established
11 pursuant to A.R.S. § 13-2314.01 and later made
12 available to each county by A.R.S. § 13-2314.03.
13 The growing success of Arizona's efforts has been
14 greatly assisted by the fund, which allows allocation
15 of funds for investigative support to law enforcement
16 throughout the state from the proceeds of prior
17 racketeering judgments. This process has improved
18 cooperation, allowed adequate funding of important
19 case opportunities even when the opportunity has
20 initially presented itself to agencies with inadequate
21 resources, and has made law enforcement far more
22 sensitive to the economic effects of organized
23 crime and fraud. A statistical analysis of the
24 Organized Crime Project is attached as Appendix C.
25 It indicates the growing success of the project and

1 the trend toward greater use of the fund.

2 COMMUNITY SUPPORT

3 "Arizona has enjoyed solid support of its anti-
4 racketeering program, exemplified in the comments
5 of the Arizona Supreme Court in Arizona ex rel.
6 Corbin v. Pickrell, 136 Ariz. 589, 597, 667 p. 2d
7 1304, 1312 (1983), a securities fraud action brought
8 by the Attorney General:

9 There is a moral imperative to provide redress
10 for those injured. Further, when out-of-
11 state investors are swindled by Arizona
12 enterprises, the reputations and businesses
13 of the majority of honest business people
14 within this state are harmed. That this
15 state is willing to provide aid in redressing
16 these wrongs is evidence that the state is
17 serious in its fight to eradicate organized
18 crime. This evidence may instill confidence
19 in non-residents seeking to invest in the
20 legitimate business of this state.

21 "Racketeering statutes are a primary tool of
22 both state and private litigants to redress and remedy
23 misallocation of economic resources. They prevent
24 the failure of solid businesses due to criminal
25 frauds or other acts of racketeering, and prevent

1 economic reward and competitive advantage based on
2 such conduct.

3 THE ARIZONA APPROACH

4 "At the end of a decade and a half of federal
5 RICO, half of the states had similar legislation.
6 Citations to those statutes and leading state cases
7 interpreting them are attached as Appendix D, and
8 a survey of the major features of the state
9 statutes is Appendix E.

10 "Arizona's Attorney General's Office has made
11 racketeering legislation more than a new tool to
12 combat crime. It has added racketeering into the
13 ongoing evolution of new ways of looking at anti-
14 social behavior and the use of public resources to
15 prevent, remedy and deter it. Racketeering has
16 become a major catalyst of positive change in Arizona
17 law enforcement.

18 "Racketeering statutes, most obviously, represent
19 a step forward in the evolution of useful concepts
20 of group crime. The concept of accessory, or aider
21 and abettor, is not well-suited to ongoing offenses
22 or group offenses. The concept of conspiracy is
23 unwieldy and unduly difficult to apply to criminal
24 businesses. The later federal legislative construct
25 of engaging in the business of, for example, gambling,

1 18 U.S.C. § 1955, is limited to a single type of
2 activity, unlike opportunistic criminal groups who
3 engage in multiple types of crimes and types of
4 criminal businesses. The 'enterprise' concept
5 allows greater flexibility, more accurately reflects
6 the actual economic organization of criminal groups,
7 and focuses on the economic structure and continuity
8 of the group rather than on spoken or implicit
9 agreements.

10 "The essence of racketeering statutes is their
11 creation of a civil cause of action for acts that
12 are criminal. This feature creates a bridge between
13 criminal and civil remedies, which civil remedies
14 in turn include regulatory, consumer fraud and
15 licensing components of state government. Although
16 dual civil and criminal remedies for similar conduct
17 are not uncommon, as, for example in securities
18 fraud, anti-trust and environmental protection areas,
19 racketeering statutes address a major litigator's
20 problem in translating a case from one cause of
21 action or theory to another. For example, a case
22 coming in to a securities regulation unit is cast
23 as a securities fraud case, possibly on specialized
24 securities law theories. The most egregious such
25 cases may be referred for criminal prosecution as

1 fraudulent schemes, but the difference in the elements
2 of the cases requires review of the evidence, forces
3 recasting of the significance of much evidence and
4 often causes gaps on some elements. Given the size
5 of many such cases, and the expertise involved in
6 translating, they are often not followed up after
7 initial processing. Racketeering provides a common
8 set of elements for many kinds of cases, and also
9 allows selection of the procedural approach after
10 the investigation is well advanced. A large tax
11 shelter scheme that originally came to the attention
12 of Arizona's securities regulators is an example of
13 these advantages. The regulator's investigators
14 proceeded with regulatory interviews of investors
15 under oath, and referred the case to the civil
16 racketeering unit. The case investigation continued,
17 including service of search warrants and filing of
18 a civil racketeering action on behalf of victims,
19 together with a regulatory action for injunction.
20 While this case was pending, substantial evidence
21 was discovered in a storage locker in a distant state,
22 and a criminal grand jury was convened. Ultimately,
23 all of the remedies were applied. The primary
24 operator was imprisoned for 14 years, a large money
25 judgment was obtained and partially satisfied from

1 seized property, and injunctions issued. The reverse
2 situation is also possible, of course. In one
3 example, a major organized crime figure came under
4 extensive undercover criminal investigation. Upon
5 his indictment, his property was subjected to
6 racketeering liens. A civil racketeering and
7 forfeiture action followed, alleging broader conduct
8 than the criminal case. As leads developed in the
9 civil case, particularly relating to obstruction of
10 justice and witness tampering, additional criminal
11 charges were filed. Again, all remedies were
12 ultimately applied. The defendant is serving 20 years,
13 substantial property was forfeited and a large money
14 judgment was also obtained. Better yet, his
15 criminal network was entirely neutralized and
16 scattered. Most members that were not indicted left
17 the state or were neutralized by becoming witnesses
18 for the state, or both.

19 "These cases illustrate Arizona's approach to
20 racketeering, an approach to anti-social conduct
21 that is facilitated by the RICO statutes. The
22 activity in question is first viewed in the abstract
23 to isolate its anti-social causes and effects, to
24 decide whether judicial remedies can be effective,
25 and to adopt an investigative plan. The investigation

1 is conducted in an undesignated mode, i.e., it is
2 neither civil nor criminal. After the facts are
3 developed, possible procedural approaches are
4 explored, each is considered for either sole or
5 joint application, and each is considered as a
6 possible follow-up remedy. The resulting state
7 action is a unified, efficient approach calculated
8 to take advantage of RICO's flexibility.

9 RICO ADVANTAGES

10 "Racketeering statutes and the units that
11 specialize in their implementation enjoy numerous
12 advantages. The civil dimension of RICO enforcement
13 has radically altered the state's relationship to
14 criminal activity.

15 "The availability of treble damages to private
16 plaintiffs has encouraged victims of racketeering
17 to sue in private civil actions. These lawsuits
18 bring resources to bear on offenders that are many
19 times the available state resources. The private
20 plaintiffs are often their own best advocates,
21 especially in highly technical or specialized areas
22 in which prosecutors have a great knowledge
23 disadvantage. The private plaintiff is often well
24 informed of the business trends that make frauds
25 possible, and knows the practices and reputation of

1 perpetrators, allowing selection of defendants based
2 on broad criteria. The ideal of the non-fraudulent
3 free market is, unfortunately, not reality. Nor
4 are public resources sufficient to enforce honesty.
5 The private cause of action has at least the potential
6 of restoring the fraud victim to parity so that a
7 worthy competitor is not destroyed by non-market
8 events such as force or fraud.

9 "The civil remedy is in many ways more efficient
10 than criminal remedies. First, civil cases can
11 deal well with complex facts. Foundation for
12 evidence is generally laid in advance, eliminating
13 the need for many foundational witnesses. Witnesses
14 can be presented more often by deposition. The
15 focus of disputed issues can be narrowed by partial
16 summary judgments and by discovery. Surprise at
17 trial can be reduced, promoting settlement. Second,
18 jurisdiction can be obtained over more actors.
19 Third, other civil procedures foster dispute
20 resolution. Appeals can be taken by the state, the
21 burden of proof is less lopsided, and a unanimous
22 verdict is not required. The presence of civil
23 attorneys alone is a useful factor. They are
24 settlement oriented, are accustomed to facing facts
25 rather than stonewalling, and are conscious of costs

1 to clients rather than extracting the last dollar or
2 burdening a public appointment. They are not
3 accustomed to defending hardened criminals, and
4 are therefore comparing their client to honest
5 businessmen rather than rapists and robbers. They
6 tend to see courts as useful places to settle
7 disputes and thus are protective of courts' resources
8 rather than being obstructive.

9 "Civil remedies can be especially effective in
10 dealing with professional frauds. Injunctions can
11 prevent the recurrence of fraud-prone circumstances,
12 or can be structured to require reporting on
13 business activity, associates and income. Forfeitures
14 can be used to prevent future access to 'props' used
15 in frauds, for example, a property alleged to be
16 a gold mine or a business asset used in prior frauds.

17 "The provision of racketeering statutes making
18 acquisition of an enterprise with the proceeds of
19 racketeering is especially useful in putting an end
20 to a life-pattern of fraud consisting of one fraud
21 following another, using the proceeds of the current
22 fraud to settle with or defuse the victims of prior
23 frauds -- a Ponzi scheme in effect -- that could be
24 called a 'Ponzi life'. Traditional investigation
25 lags several years behind the operator, who uses

1 the existence of his current business, not yet
2 proven fraudulent, to avoid prosecution or to obtain
3 a light sentence. Under RICO, proof that the prior
4 enterprise was fraudulent coupled with proof that
5 its proceeds were used to acquire the present
6 enterprise makes out a separate offense, regardless
7 of proof of the illegitimacy of the current venture.
8 The current venture is also subject to forfeiture,
9 ending the process neatly and completely.

10 "Racketeering remedies are uniquely suited to
11 the disorganization of racket-related industries.
12 The large in personam civil actions with a continuous
13 civil discovery mechanism can have the effect of
14 exposing an entire illicit industry to pressure
15 beyond resistance. Arizona, for example, has
16 entirely eliminated fixed-based prostitution
17 ('massage parlors', 'lingerie modeling studios', etc.),
18 and is in the process of eliminating automotive
19 'chop shops'. Small in rem forfeiture actions may
20 be used to drive away a racket's support structure,
21 which is often composed of people who attach
22 themselves to a racket at financial pressure points,
23 providing key goods or services, in their attempt
24 to share in the easy money without getting prosecuted.
25 Forfeiture of the assets contributed or earned can

1 raise the risk above the acceptable level, driving
2 away these facilitators, without whom the racket
3 may founder. The facilitators are especially
4 vulnerable to financial remedies. Unlike the core
5 participants, who are often motivated by drug
6 dependency, sub-cultural values, despair or anti-
7 social feelings, and who may see little alternative
8 to their life in the racket, these facilitators are
9 heavily profit-motivated and have apparent
10 alternatives. A high risk of loss for racket
11 investments will predictably result in investments
12 elsewhere. Furthermore, they are more educated and
13 better informed, and will therefore respond to
14 indirect deterrence. That is, they will abandon
15 their facilitation role when they see others' losses,
16 so a smaller expenditure of law enforcement resources
17 results in a greater reduction of racket power.

18 "Finally, the potential of money laundering,
19 a 1985 addition to Arizona's RICO statutes and a
20 1986 addition to federal RICO, is truly revolutionary.
21 The money laundering component of any criminal
22 network is at once the most vital and the most
23 vulnerable. Conducting a criminal enterprise is
24 simply not worth the effort or the risk of prosecu-
25 tion unless its proceeds can be enjoyed. Yet, this

1 facilitation most often requires the services of
2 the detorable facilitators discussed above. Attacks
3 on money laundering are certain to become the most
4 effective and progressive law enforcement strategy
5 of the '90s.

6 TRENDS

7 "The Arizona Attorney General's Office has made
8 a priority of pioneering the evolution of societal
9 tools to promote crime-free commerce in Arizona.
10 It has revised Arizona's civil remedies provisions
11 constantly, enacting more comprehensive racketeering
12 provisions, a completely new forfeiture chapter and
13 the nation's first money laundering statute. Trends
14 for the future include:

15 "1) Even more flexible application of diverse
16 civil and criminal remedies;

17 "2) Closer cooperation and exchange among the
18 state's attorney and agencies, including criminal,
19 civil and regulatory investigative units;

20 "3) More interstate cooperation in fraud cases,
21 pushed by shrinkage of federal resources and pulled
22 by the natural economic trend of greater commercial
23 interdependency and electronic and physical travel
24 across state lines;

25 "4) More professional state attorneys as

1 careerists are both attracted and required to provide
2 the multi-discipline approach;

3 "5) Greater reliance on economic analysis of
4 crime and long-range pro-active planning to disrupt
5 and deter it at its financial roots;

6 "6) Increased emphasis on civil procedure as
7 a tool for social change and control of anti-social
8 behavior;

9 "7) Addition of a strategy of patterned small
10 cases to the strategy of comprehensive large cases;

11 "8) Increased contact between state attorneys
12 and RICO plaintiffs' counsel;

13 "9) Greatly increased emphasis on money
14 laundering in all racketeering cases.

15 CONCLUSION

16 "Racketeering legislation provides 'a new
17 window on the world', as its legislative history
18 proclaimed 17 years ago. It encourages a powerful
19 coalition of victims, the state and the courts.
20 RICO use has naturally fostered a flexible approach
21 to selection of remedies for anti-social behavior
22 by both the state and the courts. Its civil thrust
23 has substantial advantages, both for the untracking
24 of the career swindler and for disorganizing racket
25 industries. RICO prosecution is, of course, still

1 evolving, as by the addition of money laundering and
2 the strategic use of small cases.

3 "Racketeering statutes and the units enforcing
4 them have become embedded in American life as beacons
5 of a new era in law enforcement. They concentrate
6 on the economic roots of crime. RICO statutes
7 appeal at once to the social need to formulate a
8 government that can protect the honest from crime,
9 the desire to empower victims to seek ordered redress
10 on their own, and to the aspiration to provide
11 effective disincentives for the abuse of power by
12 the wealthy and the well-connected that are
13 commensurate with the prison sentences that have
14 long been the reward of the poor and minority
15 small-time criminals. As long as the poor followers
16 have to surrender their freedom in the pursuit of
17 wealth for other people, social justice demands that
18 those other people surrender that wealth and their
19 own freedom as well. RICO redeems the promise that
20 no man is above the law, and no possible promise
21 could be more uplifting to the resolute men and
22 women in law enforcement's trenches, who have seen
23 it go unredeemed too long."

24 CHAIRMAN DEWEESE: The next individual to
25 testify this morning before our hearing will be Ron Goldstock

1 from New York State, the Director of the Organized Crime
2 Task Force. He is going to talk to us about the New York
3 experience. Welcome, Mr. Goldstock.

4 MR. GOLDSTOCK: Thank you. I tried to think of
5 what I could say that would be helpful today and perhaps
6 with New York's parochial view of the world, I thought our
7 experience would be relevant. But the more I thought
8 about it, it seems to me it certainly would be because
9 New York and Pennsylvania share a lot of things in common.
10 There are major urban and industrial centers, there are
11 large rural and suburban areas, there are traditional
12 organized crime presence and the non-traditional and
13 drug group presence as well. And so I thought maybe
14 by going through the history of the Organized Crime Task
15 Force in New York, it might be helpful in thinking about
16 what you have here. In fact, it probably is the closest
17 parallel as I see of what the plans are and what has
18 been presented to you by the Pennsylvania Crime Commission.
19 Our experience is quite similar.

20 Let me start off a little bit with the history
21 of the Organized Crime Task Force. It was started by
22 legislation in 1970 and it set up an office to investigate
23 and prosecute multi-county organized criminal activity
24 and to aid local law enforcement in its efforts against
25 organized crime. The head of the task force is appointed

1 by the Governor and the Attorney General and has to be
2 fired by both. And the idea was to set it up as an
3 independent apolitical agency. It has investigative
4 power set forth in the statute and prosecutive powers,
5 with the consent of the local district attorney and the
6 Governor. That was a compromise that was reached ultimately
7 between the large district attorneys' offices that didn't
8 want it at all in 1970 and the smaller ones throughout
9 the state that thought it would be an aid to them.

10 The first head of the task force was appointed
11 with a great deal of fanfare. There was a large publicity
12 campaign. The individual was known in the press and
13 media as super cop, was going to rid New York of organized
14 crime. He began to set up an office largely with attorneys
15 and investigators and there was a contingent of state
16 police assigned. Then within two or three years there was
17 a prison riot in Attica. There was a state police response
18 and an investigation which followed and the Governor
19 assigned the Organized Crime Task Force, I think
20 unfortunately, to investigate the uprising and the state
21 police response. The task force never recovered. The
22 head of the task force left shortly thereafter and no one,
23 until I was appointed in 1981, was a joint appointment of
24 the Attorney General and the Governor. There were a series
25 of acting and interim appointments. There was no real

1 resources within the task force. It really became stale
2 and moribund and had a bad reputation in New York.

3 Then the late '70s and early '80s both the
4 Governor and the Attorney General decided to redo the
5 task force for their own purposes. And I was recruited and
6 hired to do it and was given, I suppose, double what the
7 budget had been. Then it was about 700,000. It was doubled
8 to somewhere around 1.5, 1.6 million.

9 For me it was a perfect opportunity. Let me
10 just mention a little bit of my background so you will have
11 a sense of where I am coming from. I had, after law school,
12 gone into the Manhattan AD's office and headed the Rackets Bureau.
13 Then I went to Cornell Law School where I was the Director
14 of the Cornell Institute on Organized Crime with Bob Blakey
15 and together with Blakey and Charles Rogovin, did a study
16 of organized crime units on a state and local level around
17 the country which became known later as the Rackets Bureau
18 Study and was published by LEAA.

19 Then I went down to Washington and was the
20 Inspector General with the Labor Department where I headed
21 the Organized Crime and Racketeering Section within the
22 Labor Department and sat on the National Organized Crime
23 Planning Council where we looked at federal units and the
24 strike forces around the country.

25 So by the time I took this over, I had looked

1 at virtually every state, local and federal unit in the
2 country, assigned the responsibility of dealing with
3 organized crime. And so essentially what I tried to do
4 was to think of how to structure an office which would
5 achieve particular ends. There were really five principles
6 underlying the structure of this new office. Many which
7 you have heard so far because I hear, I heard Steve Twist
8 talking about some of them and I am sure Professor Rogovin
9 and others have talked about others as well.

10 The first was that in order to deal with
11 organized crime, one had to develop strategies for control.
12 It was not possible, as in the case of street crime, to
13 have an incident which occurred, you go out, investigate
14 it, find the people who did it, prosecute them and then
15 incarcerate them. The development of strategies required
16 an analytical approach which might be based upon historical,
17 economic or institutional factors. One example I would
18 like to use to give you a sense of what I am talking about
19 is, for example, is the relationship of bookmaking to loan-
20 sharking. If one were to undertake an economic analysis
21 of bookmaking, an empirical study as we did it in the
22 institute at Cornell, one would find that most bookmaking
23 operations are not run by syndicate members but by
24 independents. And while there is a connection with the
25 mob, it tends to be that what the mob does is supply the

1 financing of the operations and extract usurious rates
2 of interest when the operations needed an influx of money.

3 If that is true, and I think we can demonstrate
4 that it is, and it is also true that non-mob bookmakers
5 tend to take decisions and don't operate it as a strict
6 business but have winning weeks or losing weeks, it means
7 that they often tend to lose large amounts of money, they
8 borrow money from the mob and then they pay back out of
9 the profits of their operations. That means that the normal
10 practices of law enforcement and of courts as a practical
11 matter, of random raids against gambling establishments
12 causing them economic harm, finding them large amounts of
13 money, allow them to continue to borrow capital money
14 and channel more and more of their profits to the financiers
15 who then have to extend more and more credit to them. That
16 is to say, even under those circumstances, random ~~raids~~
17 and causing of economic harm, and the headlines which say
18 \$15 million a year bookmaking operation smashed, is in
19 fact the net increase advantage to organized crime.

20 That would suggest that the whole approach to
21 dealing with the problem of bookmaking and loansharking
22 and flow of money to organized crime has to be different
23 and it is based upon an analysis of the situation. So
24 that, and while that is true in the area of bookmaking
25 and loansharking, I think it is also true in the area of

1 theft and fencing narcotics and a wide variety of criminal
2 activities, labor racketeering, for example.

3 So in the first instance, there needs to be
4 the development and implementation of strategies of
5 control.

6 Secondly, we have to use a wide variety of
7 remedies to deal with organized crime and I think Steve
8 Twist talked about this to a great extent and he is
9 absolutely right. We have, in the past, tended to use
10 only criminal remedies. If you were to look at the Justice
11 Department in Washington, you can see why. The Justice
12 Department is structured in terms of division. There is
13 a criminal division and a civil division. That makes
14 sense when you are talking about a suit against the
15 government which goes to the civil division or a murder,
16 for example, on a government reservation, which goes into the
17 criminal division.

18 But what do you do with something like anti-
19 trust which is a social problem. It is not civil or
20 criminal. You ought to be using whatever remedies are
21 appropriate. And so they set up an anti-trust division.
22 What about civil rights? Well, it is both criminal and
23 civil. You use whatever remedies are appropriate. So they
24 s e t up a civil rights division, organized crime,
25 crime, they put in the criminal division and only criminal

1 remedies were used.

2 If one were to think of this in terms of health,
3 you can think of the National Institute of Health setting
4 up its divisions by remedy. And so they set up a division
5 of radiation, a division of surgery, a division of chemo-
6 therapy. They take their problems, diseases and assign
7 them to remedies. So they would take cancer and say,
8 we will put that in surgery. Somebody comes in and says,
9 well, wouldn't radiation help? They say, sure but we
10 have assigned it to surgery. It makes absolutely no sense
11 in that context and yet that is precisely what we have
12 done, and especially on the local level with the area of
13 organized crime. We ought to be using as many remedies
14 as appropriate to deal with the problem.

15 Steve had mentioned civil remedies, injunctive
16 relief, suits for monetary damages, but I think there are
17 others as well. There are institutional remedies that
18 can be used. For example, the restoration of democratic
19 or legitimate practices to corrupt social institutions.
20 Police departments, for example, that have been corrupted
21 or unions that have been corrupted. In those cases, we
22 might want to use public hearings to give ~~dissidents~~ a chance
23 to speak out and demonstrate the problem to the public so
24 that there can be an institutional change within those
25 agencies.

1 We might want to have appointed receivers or
2 trustees to take over such corrupt institutions and restore
3 democratic processes. We might want to have the agency
4 charged with the responsibility of dealing with that issuing
5 reports to bring forth the problem to the public. There
6 are loss preventative or opportunity blocking techniques
7 that can be used.

8 You know, J. Edgar Hoover, the legendary head
9 of the FBI, was a genius in this regard. People will agree
10 or disagree with the way he ran the bureau, but there
11 was no question about the fact that he was able to marshal
12 the public and the Congress to give him more and more
13 resources. And every year he would go before the Congress
14 and demonstrate that they would effectively use the
15 DIARAC to effectively recover stolen cars
16 across state lines. The only problem was that every year
17 the numbers increased and the number of stolen cars
18 increased. And then somebody in Detroit figured out that
19 you could devise a lock to put on the steering column and
20 the incidence of joy riding dropped dramatically. Well,
21 if we can develop locks for steering columns in the
22 organized crime context, then we will have done our job
23 a lot better instead of just locking up the people who
24 steal the cars.

25 And that can be done in the organized crime

1 context. If you think, for example, the problem of
2 credit card counterfeiting, it is perfect for organized
3 crime. You need large amounts of money because it is
4 a sophisticated process. You need expertise in terms of
5 the counterfeiting and the obtaining of raw materials. You
6 need a way of getting names and numbers. You need
7 distribution systems, the ability to get the goods from
8 the stores and then redistribute them later on. And yet
9 by development of, for example, holograms on the cards,
10 pin numbers, we can virtually stop organized crime from
11 involvement in that very lucrative scheme and industry,
12 which before that, was tailor-made for them.

13 We have to think about ways of restoring
14 competition in industries that organized crime has been
15 involved in and created monopolies. We might be able to
16 do so in certain cases through eminent domain where organized
17 crime can control an industry by monopolization of an
18 essential good of service. For example, if one would
19 think about the need of crushed stone for cement and
20 if there was only one place where you could off load
21 crushed stone because of a port, and organized crime
22 controlled that pier, it could dictate who got the crushed
23 stone and who could make cement and who could do it at
24 a reasonable rate. It may be necessary to take over that
25 pier through eminent domain and lease it out. The same

1 thing may be true through labor leasing or public benefit
2 corporations designed to compete within industries where
3 organized crime has allocated territories. The garbage
4 collection industry, for example, is a perfect example
5 of that.

6 Finally, there might be structural remedies
7 which would be useful to look at industries where organized
8 crime has dominated for a period of time because the
9 particular aspects of the industry are structured in a
10 way that organized crime can get involved, where it is
11 vulnerable to organized crime for example and organized
12 crime can extract the profits where there is racketeering
13 potential.

14 The Organized Crime Task Force in New York
15 is looking at the construction industry, and that is a
16 perfect industry in which the structure of the industry
17 itself and the result of delay is perfect for organized
18 crime to be able to dominate and control it. And it may
19 be that through a variety of techniques and restructuring
20 the industry through perhaps consolidation of unions,
21 on-site binding arbitration or other means, you can
22 affect organized crime's ability to take out profits from
23 the industry. In any event, that is the long way of saying
24 that there is a second principle, that is, the use of a
25 variety of remedies to deal with organized crime.

1 The third is the need to combine a variety of
2 skills and disciplines. At one time investigators
3 investigated and prosecutors prosecuted. Then during the
4 Dewey years when we were faced with organized crime without
5 complainants and without overt criminal activity, Dewey
6 found it necessary to combine investigators and prosecutors
7 at the very inception and investigation throughout the
8 prosecution. Then we decided because there were paper
9 trails and white collar type crimes to add accountants.
10 Now crimes are so complex we need tactical analysts to
11 be mixed in as well as part of the skills that are necessary.

12 There are more sophisticated skills that are
13 necessary as well. As I mentioned before, economic skills,
14 historical, political science, sociology, public relations,
15 loss prevention and opportunity blocking, industry
16 specialists. If you are to look in, sophisticated industries
17 where organized crime has a hold. And some way has to be
18 found to combine those kinds of skills and those kinds of
19 disciplines into the work that is being done.

20 Fourth is that the Organized Crime Task Force
21 operates as a state agency and we ought to be aware of the
22 jurisdiction and a specific need for our work. Lots of
23 times people talk about state and local and federal agencies
24 working together. But while they should work together
25 and they certainly should not work at cross purposes, their

1 aims and goals are different. Federal agencies ought to
2 be doing what state and locals cannot do. And state ought
3 to be doing what is beyond the control of local enforcement.
4 If you are to take a look, for example, at narcotics
5 enforcement, it is very clear that the federal authorities,
6 no matter what their resources, are not going to be able
7 to have an effect on street sales. Similarly, local
8 enforcement will not affect supply, the amount of drugs
9 that is coming into the country. If that is going to be
10 done, it will be done by federal authorities either by
11 sealing the borders or putting the political pressure on
12 foreign governments.

13 Similarly, the state has a role. There are
14 new groups developing around narcotics the way the mob did
15 around liquor during prohibition. And those are regional
16 groups. They are state groups. And they will present the
17 problems to us in the future if we don't deal with them now.
18 And so a statewide unit has a special responsibility to
19 look at those emerging groups, identify them and do
20 something about them now while it is possible.

21 Finally, and the fifth principle that we took
22 into account, was that of accountability. By and large,
23 law enforcement is not accountable for what it does or
24 does not do. We are a monopoly. We are in an enviable
25 position. If we do a lousy job and the problem gets worse,

1 you give us more resources. I am not suggesting that people
2 in law enforcement do that on purpose. But the incentives
3 are incorrect and we have to have some way of measuring
4 how successful we are at holding us accountable for
5 achieving what we are supposed to achieve. And that means
6 feasibility studies, it means after-action analysis, it
7 means some measures of success have to be built into the
8 system.

9 Well, with those as the underlying principles,
10 what we did was to structure an agency and a form which
11 would take account of them and hope to facilitate them.
12 So we divided organized crime into four areas, not
13 priorities but as if it were a pie. Everything would go
14 into one of the four quarters. And the four quarters
15 we mapped out were energy and environment, which would
16 take care of carting of garbage collection, toxic waste,
17 fuel distribution, coal, nuclear power.

18 The second was financial crimes and schemes
19 where money was the operative factor, traditional organized
20 crime, gambling, loansharking, infiltration of legitimate
21 businesses, bankruptcy court, larceny, corruption.

22 The third was the redistribution of stolen
23 and illicit property at piers, airports, major distribution
24 centers, but also stolen securities, credit cards, airline
25 tickets and so on.

1 And finally, narcotics and non-traditional
2 organized crime groups.

3 And the reason we chose those was by putting
4 those together one could look at them and try to develop
5 among those groups, which were related, strategies for
6 control. And then we divided the state into three regions.
7 Interestingly enough, New York divides I think just about
8 the way Pennsylvania would divide. We look at it as
9 spheres of influence and problems in organized crime and
10 we had one region, which was the southern region, which
11 would be Rockland, West Chester, New York, Long Island
12 and surrounding counties. The northern region, which
13 was essentially Albany, Utica, Syracuse, Binghamton,
14 everything north. And the western region, which was
15 Buffalo, Rochester and everything south. I think it
16 probably divides conceptually into Philadelphia and
17 surrounding areas, Pittsburgh and surrounding areas and
18 Harrisburg and the center of the state in Pennsylvania.

19 Then we put together the teams of people with
20 the skills and disciplines necessary to address the problems.
21 So each team has an attorney, an accountant, an investigator,
22 a tactical analyst. And for each criminal activity area
23 in those four areas, in each region of the state, we
24 set up a team of people and we said to them in effect,
25 you have the skills and disciplines necessary to address

1 the problem. You have a particular problem area and you
2 have a region of the state. You figure out what the
3 problems are, what you are going to do about it and how
4 you are going to do it and use whatever remedies are
5 appropriate to deal with the problem. And then write up
6 a mission statement, what you are going to do and a
7 strategy paper, how you are going to do it. We will agree
8 on it and we will hold you accountable for achieving your
9 goals. And in order to help you in doing that, we have
10 in the office a contingent of state police assigned,
11 we have a strategic analysis section and we have a civil
12 enforcement and remedy section. And those teams then are
13 assigned the responsibility of doing precisely what I
14 suggested. To give you an example, and this is a
15 hypothetical one you can consider for example,
16 the financial crimes and schemes in the western region
17 of the state. And they say, we have a problem here with
18 the construction industry. So what we want to do is take
19 a look at why the construction industry is mob dominated
20 and we feel it's because a particular crime group has
21 control of the laborers' union, and they have controlled
22 it for the last 20 years, and investigations and prosecutions
23 have done little to affect their change. They are put in
24 prison, new people take it over or their brothers and
25 sisters are put in charge.

1 So what we are going to do is investigate and
2 prosecute people in control. We are going to hold public
3 hearings to give dissidents a chance to speak out. We
4 are going to ask the court to take over the union under
5 RICO and hold an election in which the dissidents have
6 a chance of winning. And we studied the structure of the
7 union and found that the mob was able to control it through
8 the shape-up device where they control who works and who
9 doesn't work. And so we are going to ask the Legislature
10 to put in a seniority system which is fair and not
11 arbitrary. And by doing all of that, we think we can
12 affect the way the construction industry operates.

13 For a not so hypothetical example, the
14 energy environment team in the southern region of the
15 state looked at the carting industry, the garbage collection
16 industry, that's our southern counties. What we did there
17 was, to begin with, the carting industry. We found that
18 it was controlled by the Lucchese crime family in
19 connection with the Gambino family. We studied the
20 industry with a grant from the National Institute of
21 Justice given to the Rand Corporation, who had assigned
22 an economist to work with us. We also brought on a
23 sociologist, a sociologist, a loss prevention specialist.

24 During the course of the investigation we were
25 able to secrete a bug in the car of the person who ran the

1 garbage industry for the Lucchese family. He was also
2 the chauffeur for the head of the family. That bug gave
3 us evidence of other crimes in which the family was engaged
4 and also the commission, the head of the organized crime
5 families in New York which ruled over all the families.
6 And as a result, we were able to, through the RICO statute,
7 indict the Lucchese family, the federal authorities through
8 our tapes, the Lucchese family. The commission, we brought
9 state indictments and civil actions against the people
10 within the carting industry and the Rand Corporation,
11 in conjunction with us, are coming out with a report in
12 several weeks about restructuring the industry that has
13 been dominated by the mob for the last 30 years in order
14 to restore competitive practices there.

15 I suppose by way of conclusion is I would say
16 that I think it has worked out quite well. It serves,
17 I think, a good basis for a Pennsylvania approach. I
18 think that the Pennsylvania approach, with using an
19 Organized Crime Task Force and an institute within Penn
20 State, which could bring together the academic community
21 to think about problems with the Governor's Council or
22 an Organized Crime Council and the Organized Crime Task
23 Force, would be one step of sophistication beyond ours.
24 And I think would be extraordinarily good. And my sense
25 is if you put that whole thing together, I think you would

1 see a change in the way organized crime investigations
2 and prosecutions and civil actions are conducted in
3 Pennsylvania which would be very effective.

4 And I would be happy to answer whatever questions
5 you have.

6 CHAIRMAN DEWEESE: Thank you very much. We
7 will give two or three minutes to the court reporter and
8 then we will commence questioning.

9 (Complete prepared testimony of Ronald
10 Goldstock was as follows;)

11 "Let me thank you for the opportunity to testify
12 before this Committee. I hope that my testimony
13 will demonstrate the value of creating here in
14 Pennsylvania a statewide Organized Crime Task Force,
15 and that you can learn from our experience in New
16 York. Creating such a task force is a necessary
17 step in establishing a coordinated statewide program
18 of organized crime control. I commend you for
19 seriously examining in these public hearings, the
20 need and importance of adopting a statewide approach
21 to the problem of organized crime.

22 "There are special statewide and regional
23 interests in organized crime enforcement which are
24 different in kind from those at the federal or local
25 level. There is therefore a particular role for the

1 state to play in organized crime control. In
2 narcotics enforcement, for example, it would be
3 inappropriate for a statewide task force to attempt
4 to assume a major role either in interdiction at the
5 nation's borders, on the one hand, or in street
6 level cases, on the other. Such a task force does
7 have an appropriate role, however, in situations
8 in which organized crime groups pursue their illegal
9 activities throughout one or more regions of the
10 state. That role may be especially important, for
11 instance, where drugs enter the state in one
12 location intended for distribution in another.

13 "In short, a statewide or regional approach is
14 sometimes required, with responsibility across
15 county lines, but not subject to possible shifts in
16 federal priorities or the limitations of local law
17 enforcement agencies with restricted geographical
18 jurisdiction. In all likelihood, this need for a
19 statewide approach exists in Pennsylvania as much
20 as our experience has shown it to exist in New York.

21 "Let me review for you briefly the history and
22 accomplishments of the New York Statewide Organized
23 Crime Task Force. It was created by the Legislature
24 in 1970, as a wholly non-political office. The
25 Director is a joint appointee of the Governor and

1 Attorney General, and he can be removed only upon
2 the concurrence of these two elected officials. The
3 creation of the Task Force was thus the first state-
4 wide initiative to create a distinct agency
5 accountable solely for organized crime control on
6 a state level; and in creating the Task Force, the
7 Legislature recognized the need for an aggressive
8 organized crime control program that integrated
9 investigators and attorneys into a cohesive,
10 focused agency.

11 "The Task Force divides organized crime
12 activities into four broad areas: Financial Crime
13 and Schemes; Energy and the Environment; Narcotics
14 and Non-traditional Organized Crime Groups; and
15 Redistribution of Stolen and Illicit Property.
16 Investigative and prosecutorial teams exist in each
17 of the Task Force's regional offices, and each team
18 specializes in one of these four organized crime
19 areas. Teams are comprised of individuals with the
20 skills and disciplines necessary to address the
21 criminal activities within their area of specializa-
22 tion. Each team therefore has an attorney, an
23 investigator, an investigative accountant and a
24 tactical analyst. In addition, the Task Force has
25 a Special Projects Team that undertakes organized

1 crime investigations bridging substantive and
2 regional lines and concentrating on particular
3 groups, geographical areas or industries.

4 "Today, the Task Force has evolved into an
5 agency comprised of attorneys, and investigators,
6 including analysts, accountants, and other
7 specialists. Some 100 New York State Troopers are
8 assigned to work together with OCTF on a variety of
9 investigations. Our annual budget is approximately
10 \$6.1 million, excluding those personnel assigned to
11 work with the Task Force by the State Police.

12 "Over the past several years, the work of the
13 Task Force has met with considerable success. The
14 so-called 'Commission Case' for instance, was a
15 direct result of a 'bug', which we installed pursuant
16 to court order in the cashboard of a Jaguar
17 frequently used by Anthony 'Tony Ducks' Corallo,
18 boss of the 'Lucchese Crime Family'. Evidence
19 from the car 'bug' and from other electronic
20 surveillance and that in other cases has fueled
21 not only that prosecution and other OCTF prosecutions,
22 but a half dozen more major federal cases. We are
23 currently cooperating with the federal authorities
24 in bringing an indictment against a major Cosa
25 Nostra family boss in New York. For the last two

1 years we have conducted an investigation, at the
2 request of Governor Cuomo, of the racketeering and
3 corruption in the construction industry in New York
4 City. Relying on the recommendations of our interim
5 report to him, the Governor Mario Cuomo has announced
6 his intention to create a monitoring agency for the
7 industry and to establish statewide authority for
8 the prosecution of construction industry-related
9 organized crime. These successes, of course, only
10 reflect some of our more noteworthy efforts; in
11 addition we have undertaken a multitude of other
12 investigations and prosecutions aimed at divesting
13 criminal organizations both of their control over
14 diverse illegal activities and of their influence
15 in the life and economy of the state. While I
16 make no pretense that we have 'won the war' against
17 organized crime in New York State, I believe that
18 our efforts have helped to undermine the systematic
19 relationship that organized crime has historically
20 had with our legitimate institutions.

21 "Based on my experience with the Task Force
22 in New York, I would like to make several
23 recommendations concerning the creation of an
24 Organized Crime Task Force here in Pennsylvania.

25 "First, the relationship of the Task Force with

1 local district attorneys must be legislatively
2 addressed. Ambiguity in the law will only result
3 in unnecessary 'turf wars', which will detract from
4 achieving the goals of all law enforcement agencies
5 and from achieving the goal of a coordinated attack
6 on organized crime. In this regard, I recommend
7 that the Task Force be given jurisdiction only over
8 crimes that cross county or state lines, leaving
9 purely local crimes to the district attorney. The
10 Task Force's prosecutorial jurisdiction should also
11 not supersede the local district attorney -- which
12 would quickly alienate all district attorneys
13 displaced in specific cases prosecuted by the Task
14 Force -- but should instead be concurrent with that
15 of the local prosecutors. Such concurrent juris-
16 diction is more likely to foster beneficial
17 cooperation. In addition, part of the Task Force's
18 mandate should be, as it is in New York, to
19 affirmatively cooperate with and aid local district
20 attorneys, who often can benefit by the experience
21 and expertise of a statewide agency which specializes
22 in the often difficult and complex task of
23 investigating and prosecuting organized crime.

24 "Unnecessary strains between the Task Force
25 and the local district attorneys can also be reduced

1 by prohibiting the Director of the Task Force, or
2 his staff, from running for any elected office for
3 a specified period of time after leaving the Task
4 Force. Four years, perhaps, would be a reasonable
5 period, and would ensure a non-politicized agency.

6 "Second, the Director of the Task Force should
7 be appointed on the basis of merit after a careful,
8 non-political search and review process. Organized
9 crime enforcement is a unique discipline, and
10 requires a person who is able to integrate both
11 investigative and legal skills into a proactive
12 strategy. Not every attorney has this capability,
13 and like so many other endeavors in our lives,
14 success is determined by a combination of inter-
15 personal skills and technical competency.

16 "Third, the Task Force cannot be a purely
17 prosecutorial agency if it is to effectively
18 implement a coherent statewide organized crime
19 control program. At the very least, it must also
20 have the ability, resources and tools to collect
21 intelligence from which investigations, and ultimately
22 prosecutions, can grow. The nature of organized
23 crime enforcement is proactive -- seeking out
24 criminal networks for prosecution. To allocate
25 resources efficiently and with a distinct and

1 rational purpose, intelligence is essential. One
2 simply cannot conduct organized crime investigations
3 without adequate intelligence, and far too often,
4 agencies investigate before they even know what the
5 problem is. The result in such instances can be
6 investigations and prosecutions that are far less
7 effective than they otherwise could have been, had
8 they been coherently conceived, planned and executed
9 on the basis of a firm foundation of intelligence.

10 "Fourth, the Task Force requires personnel with
11 specialized skills beyond merely those possessed by
12 prosecutors and police investigators. Although the
13 skills of attorneys and investigators are essential,
14 today more is needed. The conduct of criminal
15 investigations has grown so sophisticated that no
16 individual discipline can provide all the necessary
17 expertise. Sophisticated investigative accountants,
18 skilled in analyzing books and records and in the
19 detection of assets of organized crime figures are
20 also required, as are tactical analysts, skilled
21 in collating and analyzing the wealth of details and
22 evidence generated by wiretaps, surveillance,
23 informants, and books and records, and strategic
24 analysts, trained to review broad data bases and
25 analyze trends within areas of actual or potential

1 criminal activity. Only with the combined expertise
2 of these specialists, along with that of attorneys
3 and investigators, can truly effective investigations
4 and prosecutions of organized crime be undertaken.

5 "Lastly, a broad range of remedies must be
6 made available to the Task Force. Criminal
7 prosecution leading to incarceration and fines is
8 only one remedy, and is one with great limitations.
9 Civil remedies, including forfeiture, injunctions,
10 and suits for monetary damages -- such as are
11 available under the federal RICO statute -- must also
12 be made available under state law, if they are not
13 available to state prosecutors already. Often, such
14 civil remedies are more effective in undermining
15 the continued viability of criminal organizations
16 than are prosecutions of individual members of the
17 organization.

18 "In dealing with corrupt institutions and
19 industries, illicit businesses and sophisticated
20 syndicates, other remedies are appropriate as well.
21 The restoration of democratic and legitimate practices
22 in social institutions which have been corrupted,
23 dominated, or infiltrated by organized crime, for
24 instance, may require the mobilization of the public
25 in order to affect change in attitudes of the affected

1 groups. Public hearings, the issuance of reports,
2 and public information campaigns have proven essential
3 in such cases. The power to hold public hearings,
4 issue reports, and keep the public and other
5 government agencies informed should thus be considered.
6 The use of court orders to place captive unions in
7 receivership may also be necessary in appropriate
8 cases.

9 "In short, to have significant results, a Task
10 Force must have the necessary information and
11 expertise to formulate, and then the necessary tools
12 and remedies to execute, a broad strategy of organized
13 crime control on a statewide basis. In dealing with
14 criminal syndicates, it is simply not sufficient
15 only to investigate and prosecute participants for
16 their criminal conduct. Without the formulation
17 and execution of a larger, coherent strategy, the
18 impact of criminal prosecutions is at best hap-
19 hazard, and at worst counterproductive.

20 "In conclusion, let me again commend the
21 Legislature for their desire to plan in a rational
22 manner a statewide approach to organized crime
23 control. Not only are your efforts refreshing,
24 they represent still another commitment to containing
25 the economic and social harms that criminal syndicates

1 wreak upon us."

2 (Brief recess.)

3 CHAIRMAN DEWEESE: Senator O'Pake had a line
4 of questioning and he is anticipated in a moment. Counsel
5 for the House Majority, Mr. Edmiston.

6 BY MR. EDMISTON:

7 Q Mr. Goldstock, you mentioned somewhat your
8 experience with the Institute at Cornell and your experience
9 with Charlie Rogovin, one of our Crime Commission members,
10 and made some reference in your commentary to the
11 suggestion of an establishment of Organized Crime Control
12 Institute in this state. Some of the questions that were
13 asked earlier of Mr. Twist and some of the discussions that
14 took place yesterday on the part of a few of the members
15 indicated from their perspective some concern over whether
16 or not the function of an institute, as it has been
17 recommended for Pennsylvania, might overlap and duplicate
18 to some extent the functions performed by the Pennsylvania
19 Crime Commission. And I am wondering whether, in your
20 experience in New York and particularly the Institute at
21 Cornell, is it?

22 A Yes.

23 Q Whether you had a similar entity to the
24 Pennsylvania Crime Commission, whether there were similar
25 concerns about whether or not there was duplication?

1 A Well, there is in New York a State Investigations
2 Commission, but the Cornell Institute was not one that
3 was structured to aid New York in its efforts anymore than
4 any other state. It was in fact a national institute and
5 it happened to have been located at Cornell because that
6 is where Professor Blakey was a tenured professor.

7 I think the simple answer is there may in fact
8 be some overlap in a sense that both the Institute would
9 be conducting a similar scholarly or empirical study that
10 a Crime Commission would. Although it is unlikely to be
11 the case. There is so much out there in the area of
12 organized crime and the infiltration of legitimate industries
13 that people tend not to do something that somebody else is
14 doing. I see it not so much as an overlapping problem but
15 aid to one another. That is an academic institution
16 generally doesn't have the data on which to base a
17 scholarly study and the institute -- and the Commission
18 would have that. Generally, the Commission doesn't have
19 the academic expertise to analyze the information and the
20 institute would have that. And so the two could work
21 together utilizing each other's resources and producing
22 the final results. That result would also be helpful to
23 the task force which has to develop priorities and
24 feasibility studies with their analysts to determine where
25 to use its resources and what would be the best legislative

1 way of doing it.

2 Q You also mentioned the utilization of tapes
3 that your task force developed in the Commission trial
4 and mentioned the federal role in the chart and the
5 procedures. Can you characterize for us what your
6 relationship has been, relationship of your unit has been
7 with the feds in terms of who gets credit for what? Have
8 there been tensions over who is going to proceed? How
9 have you dealt with those tensions if they have been there?

10 A There are, the relationships have been good.
11 But it is obvious in any situation where you have two
12 different bodies working together there will be tension.
13 The same is true in a marriage even where it is a good
14 marriage. And the answer is they just have to be worked
15 out and they tend to be worked out better when you have
16 people of good intentions looking for common goals rather
17 than people who are political adversaries.

18 One of the advantages that the task force has
19 in New York is that it is apolitical office and the
20 director of the task force is not an elected official
21 and doesn't need political support to continue in that role.
22 As a result, I tend not to be an adversary to any of the
23 individuals with whom we work including the elected DAs
24 in New York or for that matter, federal officials. So it
25 is much easier not to worry about sharing the glory but

1 working together and then figuring out in some systemic way
2 having a joint press conference or a joint press release
3 that shares the credit.

4 CHAIRMAN DEWEESE: Like me and Stewart.

5 BY CHAIRMAN GREENLEAF:

6 Q You might have answered this question but in
7 regards in New York are there other agencies that are
8 conducting organized crime investigations other than your
9 task force? Obviously, the federal authorities are but
10 other state, like State Police, do they go off on their own
11 and conduct an organized crime investigation --

12 A They can.

13 Q -- without your participation?

14 A They can and they do it in conjunction with
15 other DAs' offices. New York has a system which is not
16 designed to be efficient in the investigation and prosecution
17 of organized crime. You suggest that obviously there are
18 federal agencies, but that is no small problem in New York
19 when combined with the state as well. For example, in the
20 City of New York which is made up of five counties and
21 surrounding counties, and we are right next door to New
22 Jersey, there are three U.S. Attorneys' offices, two
23 strike forces, another strike force within one of the U.S.
24 Attorneys' offices in the southern district. There are
25 federal drug task forces. There is the FBI, EEA.

1 Q ATF.

2 A ATF and other agencies. New York has 62 DAs,
3 one for each county all separately elected. There is the
4 Attorney General's office which doesn't have general
5 criminal jurisdiction but has it in a couple of types of
6 cases. There is a special narcotics prosecutor, a special
7 prosecutor for corruption and State Organized Crime Task
8 Force, all of whom which have jurisdiction in one way or
9 another.

10 Q I'm surprised you have any crime in New York.

11 A And I didn't even mention the State Police,
12 New York City Police and other police departments in the
13 surrounding areas. So it is an extraordinary problem just
14 in terms of coordination. The activities and the fact that
15 we do it at all sometimes surprises me.

16 What is upsetting about it is a lot of this
17 grew up as historic anomaly. See, if one were to plan a
18 system and say we don't want to put all our eggs in one
19 basket, we are concerned about shifting priorities or
20 corruption in a particular agency, it may make sense to
21 have a different agency with different priorities and
22 you would do it to a certain extent, but you would never
23 design a system as we have. The fact that a county was
24 designed several hundred years ago because that is how
25 far a horse and rider could go from a county seat in one day,

1 and make that then the symbol of prosecution in organized
2 crime cases which don't get recognized, county lines. It
3 seems to me to be a very ineffective way of proceeding,
4 but it is a reality, it is a political reality. It is
5 not going to change. It seems to me the creation of
6 the Organized Crime Task Force was, in a sense, an attempt
7 to bridge those kinds of problems.

8 Q So your opinion is obviously that it has
9 helped to precipitate more investigation obviously?

10 A Yes, but it has to be designed in a particular
11 way recognizing those problems, that is, it seems to me
12 it has to be designed as a political office. I suggest,
13 for example, in my prepared remarks, that the head of
14 the task force, this is not the case in New York, but it
15 is the case in Florida I think as a result of my testimony
16 there, that the head of the task force not be able to run
17 for political office within a number of years after he
18 leaves that office. That is his way of reducing potential
19 rivalries and jealousies.

20 Q You receive your funding directly from the
21 Legislature or through the Attorney General's Office?

22 A It comes directly from the Legislature. It
23 happens to be a line item in the Attorney General's Office,
24 but it is not controlled by the Attorney General.

25 Q Who are you hired by?

1 A I am a joint appointment of the Attorney General
2 and the Governor and I have to be fired by both.

3 Q And your employees within the task force, are
4 they hired by you?

5 A They are hired by me, yes. The statute provides
6 for them being hired by the Attorney General. But in fact
7 that is a responsibility that I have.

8 Q He delegates that to you?

9 A Yes.

10 Q And the amount of those employees are dictated
11 by your budget?

12 A Yes.

13 BY CHAIRMAN DEWEESE:

14 Q How do you folks stay non-political, your folks
15 in the field, a republican DA, democratic DA wants this,
16 wants that? How do they stay non-political?

17 A Part by being ignorant. You know, one of the
18 funny things that I tell you is there are 62 DAs and we
19 operate, we have received consent and prosecuted in 21
20 different counties. And we are cross designated, say,
21 in another five counties. So we operate in, say, 25
22 counties on a regular basis. I probably could not tell you
23 political affiliation of most of the district attorneys
24 in those counties. Now, I am not suggesting I am unaware
25 of that intentionally and I have kept myself ignorant, but

1 it just doesn't come into play. We work with the DA
2 regardless of political affiliation and to a very great
3 extent, for example, go out of our way not to create
4 rivalries with that person. If we have an investigation
5 in a particular county and there is a press release at
6 the end, I will generally hold that press conference in
7 the DA's office. So that it is the DA that receives a lot
8 of the credit.

9 Q How often are you denied consent to go in and
10 work a case and what kind of circumstances motivate that
11 kind of denial?

12 A We have been denied consent I would say only
13 three or four times in the six years I have been there.
14 And that denial, and we have been able to work it out
15 so that the case didn't suffer as a result. Either we
16 did not cross designate it and proceed in that fashion.
17 I think in all cases we have been cross designated. And
18 the general reason is, I think the view of the district
19 attorney, that he is a constitutionally elected official
20 and has a large enough staff and enough resources to do the
21 job him or herself and does not want to set a precedent
22 and suggests publicly that that person is not capable of
23 doing it.

24 Q Politics didn't enter into it?

25 A Oh, no, no. There was never a question of

1 politics, partisan politics.

2 Q You mentioned a line item, what is your line
3 item, what is your number?

4 A At the present time it is probably around
5 seven million dollars. Now that is with the million dollars
6 added to do separate investigation of the construction
7 industry.

8 Q Within the seven or in addition to the seven?

9 A Within the seven.

10 CHAIRMAN DEWEESE: Representative McHale from
11 Lehigh County.

12 REPRESENTATIVE McHALE: Thank you, Mr. Chairman.

13 BY REPRESENTATIVE McHALE:

14 Q Mr. Goldstock, you have emphasized the non-
15 partisan independent character of your agency and I think
16 it is admirable that you have been able to maintain that.
17 What kind of legislative oversight is exercised with regard
18 to the task force? How often, if at all, do you appear
19 before your Legislature? Is it something that just comes
20 up during budgetary considerations? What is your working
21 relationship with the Legislature? Is there a committee
22 of the Legislature that has specific responsibility for
23 review of your activities?

24 A There is relatively little oversight. The
25 Legislature looks at us informally around budget time.

1 I sit down with the counsel for the two Codes Committees,
2 one in the House and one in the Senate, Assembly and Senate.
3 And we talk in general terms about what we are doing.

4 Q Do you present public testimony before the
5 committee during the budget process?

6 A I have never done that. I think that is a
7 mistake. I think we ought to. I think it would be helpful
8 to us to do that. For people to recognize what we are
9 doing and to have some sort of oversight. It bothers me
10 to some extent that there is no institutional device for
11 doing that.

12 Q Have you ever testified before your Legislature?

13 A Only in terms of legislation.

14 Q Never on your internal operating procedures
15 of your own agency?

16 A No. As I say, we have done it informally.
17 We sat down and explained to them, we will go through
18 particular matters that we are doing in a rather informal
19 way. But it is only when we, for example, we were the
20 prime sponsors behind the state RICO statute that we
21 testified in any formal way.

22 Q I see. The only other question I have pertains
23 to the comment you made regarding the need to broaden
24 the civil remedies, the civil tools that might be used
25 to curtail organized crime. You specifically mentioned the

1 possible use of eminent domain and gave an example of where
2 that might be employed. Has that ever been done in the
3 State of New York, has eminent domain ever been used to
4 preempt alleged criminal activity?

5 A Not that I know of. It is something that we
6 have talked about in our interim report of construction
7 project that may be necessary in a particular case. The
8 idea was not so much that it be done in any case, but that
9 one ought to think about it conceptually when we are looking
10 at the problem of organized crime.

11 Q Do you know if any other jurisdiction has ever
12 used the power of eminent domain to curtail the criminal
13 activity?

14 A I don't, but if what you are getting at is the
15 legal issue of whether or not you can do it.

16 Q That is what I am wondering. I have no opinion
17 on that.

18 A We did do some legal work on that and I think
19 we have concluded that the law is very much in our favor,
20 that is, a legitimate use of eminent domain. And it has
21 been upheld by courts in other jurisdictions for similar
22 type.

23 Q Are these state or federal courts?

24 A Federal.

25 Q If you have an opportunity, assuming that tool

1 is lawful and operating on that analytical assumption, that
2 would seem to be a very powerful and innovative weapon
3 in the war against organized crime. I think there are
4 some real due process questions that have to be addressed
5 in that analysis. But if those constitutional hurdles
6 can be overcome, I think that is --

7 A Well, obviously, due process was the issue
8 that the courts grappled with and they found particular
9 cases in which they were used which I say are analogous
10 to our situation. That they were satisfied.

11 Q If you have a chance --

12 A I could certainly send you research on it.

13 Q That is what I really was getting at. I'd
14 be very interested in reviewing that.

15 A I'd be happy to do it.

16 REPRESENTATIVE McHALE: Thank you. Thank you,
17 Mr. Chairman.

18 CHAIRMAN DEWEESE: You are welcome. Tom
19 Caltagirone from Reading.

20 REPRESENTATIVE CALTAGIRONE: Thank you, Mr.
21 Chairman.

22 BY REPRESENTATIVE CALTAGIRONE:

23 Q Mr. Goldstock, you have had a particular
24 advantage by serving at the federal level and you could see
25 at that perspective what was happening throughout the

1 country. Now, of course, your concerns are with a
2 particular state, the State of New York. I am curious
3 about the aspects of official corruption. Whether they
4 be elected or appointed and how that ties into organized
5 crime control in the county, in the state, local municipali-
6 ties and what you have seen over the years as to how that
7 control is exerted by or with organized crime?

8 A Now, that is a subject that is talked about
9 a great deal. Some people have gone so far as to say
10 without official corruption there would be no organized
11 crime. I think that there are connections between organized
12 crime and official corruption. It is very clear historically
13 there have been demonstrated in prosecutions. I think it
14 is less today than it had been before. And I don't think
15 that it is the sine quanon of organized crime. And while,
16 even at the present time, there are currently around the
17 country prosecutions for organized crime involvement with,
18 for example, the judiciary or the Legislature or the
19 executive branches in particular either state governments
20 or city governments. We have had a bug in the car of the
21 Lucchese family boss for four months and intercepted
22 conversations about a wide range of political activity --
23 criminal activity, I can assure you.

24 There was a bug that the FBI put in the home
25 of Paul Castalano, the head of the Gambino family. We had

1 a bug that is now public in the headquarters of John
2 Gaudi (phonetic), the new head of the Gambino family. The
3 FBI had a bug in the Palmer Boys' Social Club which was
4 the home base of Anthony Salerno, who is the head of
5 the Genovese crime family. And in all of those cases,
6 they felt free to discuss the most intimate aspects of
7 their criminal activities and there was virtually no
8 conversations relating to official corruption.

9 So my answer I suppose is, while I think that
10 organized crime seeks to gain an edge by corrupt activities
11 and would prefer to have somebody on their payroll, whether
12 it be in the judiciary, the legislative branch or the
13 executive branch, it seems to me that that is less and
14 less the case and is certainly not essential for their
15 continued activities.

16 Q That is not to say it doesn't exist.

17 A That is not to say at all it doesn't exist.
18 In fact, I think it is quite clear that it does exist.

19 Q Do you make any particular emphasis on problems
20 that may be brought to your attention as regards to
21 certain elected officials in your probing in New York?

22 A Oh, absolutely. In the, I mean, we are
23 obviously very aware of that. In our investigation, for
24 example, of the carting industry there were involvement
25 of particular carters and public officials. We obviously

1 paid close attention to that. In fact, a number of public
2 officials were indicted as a result of our work. They
3 happened to have been in the municipal government in the
4 executive side, regulatory side. But -- and obviously,
5 that would be a high priority in any prosecutor's office.

6 Q Particularly in this state I think the City
7 of Philadelphia is having a little bit of a problem with
8 some of their judges and a particular roofer's union and
9 that has been hitting the newspapers. I think part of
10 the problem that we face in this state is that the
11 perception of the public as to the integrity and the
12 honesty of the office holders, whether they are at the
13 state or local level, can completely shatter their belief
14 in the system. I am just curious as to how you put in
15 place the checks and balances on those public officials
16 so they don't cross over those lines. They get into a
17 lot of gray areas. Sometimes they use the cloak of either
18 their business activity or client/attorney relationship,
19 especially if they happen to also be an elected official
20 and it gets into, I think, a gray area that begs to be
21 spelled out in the law as to what is legal and/or immoral.

22 A And I think that is a question which transcends
23 organized crime involvement. Obviously, Legislatures have
24 been struggling with the whole issue of how you deal with
25 campaign contributions. Whether or not those quid pro quos

1 are great gray areas and organized crime is certainly no
2 different than anybody else and trying to curry favor with
3 particular people who have political or governmental power.
4 And to the extent that they can do that, either by cash
5 that is not reported or contributions to political campaigns
6 or votes or party workers or any other source of corrupt
7 activity, political gain, they would do so. It is, in
8 many ways, it seems to me that the current method by which
9 organized crime seeks to extend its power base in the
10 political arena is through the control of labor unions.
11 Because once they control the labor union, the labor union
12 is important to officials because it can provide money
13 and votes and workers. They then are in a position to
14 call on the elected officials, after they have been elected,
15 and ask for something in return.

16 Q One other aspect is with the business community
17 itself. It has been revealed sometime back a certain
18 gentleman who advertises on national TV and runs a chicken
19 business had made contact with certain people within the
20 mob to help eliminate a problem that was brewing for him.
21 Somehow it got exposed through one of the investigative
22 agencies. How often do legitimate businesses or businessmen
23 tend to go to the organized crime people to curry favors
24 or to have something taken care of that they feel they
25 can't have it done in a normal legal manner? Have you come

1 across that kind of situation before?

2 A Sure. I mean, that is one of the critical
3 ways in which organized crime has power. It is one of the
4 critical ways which they make money. It is one of the
5 major services they provide to the business community and
6 it is one of the things that I was talking about before
7 in discussing the restructuring of industry to avoid
8 racketeering susceptibility and potential. The mob can
9 provide various services to legitimate businessmen. Whether
10 it be the rationalizing of unstable industry or the
11 disregarding of union contracts or particular provisions
12 within those contracts, whether they be legitimate
13 provisions or ones which are onerous to the particular
14 businessman. And to the extent that government does not
15 provide an alternative means of resolution of these kinds
16 of concerns, the mob or some other criminal agency will
17 do that.

18 And that, for example, let me take the
19 construction industry as one possibility. The construction
20 industry is an industry in which delay is exceedingly
21 costly. There are huge up-front costs and the interest
22 mounts day after day. And if anybody is in a position to
23 delay the completion of a building, for example, the
24 owner of the building or the developer of the building
25 can suffer tremendous economic harm. So the owner of the

1 building is then in a position, in order to speed it up,
2 of going to anybody who is in a position to help him and
3 very often it is the mob who is able to do that.

4 If, for example, there are disputes between
5 competing unions as to who has jurisdiction over a
6 particular job and until that gets resolved, no one works.
7 It may be that the mob can say you have jurisdiction,
8 the others stay out. They handle that through bribes to
9 the union leaders and the end result is that the building
10 moves up faster and even the amount of money that has to
11 be paid to the expediter or the consultant is more than
12 made up for in the speed of completion of the building.

13 It may be possible for government to provide
14 that service legitimately with on-site binding arbitration
15 and kind of a dispute resolution at a later time. That
16 would eliminate the need for, and I put that word need
17 in quotes, need for the mob and eliminate them from that
18 kind of service to the business community.

19 REPRESENTATIVE CALTAGIRONE: Thank you, Mr.
20 Goldstock. Thank you, Mr. Chairman.

21 CHAIRMAN DEWEESE: You are welcome.

22 BY CHAIRMAN DEWEESE:

23 Q Do you guys operate in teams, a lawyer,
24 investigator, accountant?

25 A Yes, that is exactly.

1 Q Just a minute or two because we are running a
2 little short on time.

3 A Each team is made up of an attorney, an
4 accountant, analyst and investigator. And each team is
5 assigned a particular criminal activity area in a
6 particular region of the state. And it is their job to
7 determine what the major problems are within those criminal
8 activities areas and what it is they can do to remedy the
9 problem by utilizing all of the remedies at their disposal.
10 And to aid them in doing that, there is a civil enforcement
11 remedies section, technical unit, strategic analysis unit
12 and as needed consultants in allied academic and industrial
13 areas. So that we can hold them accountable, each team
14 accountable for what they do and what they don't do.

15 Q We have been learning a lot the last two days.
16 The New Jersey folks weren't as quite as enthusiastic
17 about the team as you are. And as I have been and thought
18 about it and read a little bit about it, do you have any
19 idea why the New Jersey folks don't feel as favorable about
20 it as you and I do?

21 A I don't know.

22 CHAIRMAN DEWEESE: I'll ask Reilly. Larry
23 Washington, Chief Counsel for the Senate democrat side.

24 BY MR. WASHINGTON:

25 Q Good morning, Mr. Goldstock.

1 A Good morning.

2 Q Or good afternoon. Senator O'Pake had a couple of
3 questions that he wanted to put to you in terms of our
4 (inaudible). But one area that he had a particular interest
5 in that you indicated New York RICO statute had been in
6 effect for a year.

7 A That is correct.

8 Q Does that statute provide for private action?

9 A No.

10 Q It does not?

11 A No.

12 Q Was there any study done to indicate the
13 effects, how effective the RICO statute would be in New
14 York in actually bringing a total collapse to the organized
15 crime organization or is there a presumption this is an
16 effective tool that should be utilized?

17 A There was no presumption at all. We had a
18 royal battle with the New York Legislature in order to
19 get what we call the OCCA statute, the Organized Crime
20 Control Act or enterprise corruption as a new crime passed
21 in New York. It took four or five years to do it. It
22 took public hearings. Ultimately, the Codes Committee
23 in the Assembly, for the first time in history opened
24 up one of their meetings to hold a debate. I was debating
25 for the bill and there was a defense attorney debating

1 against the bill. And when the Governor stepped in finally,
2 and I shouldn't say finally, he had been in favor of the
3 bill for a long period of time, took a very active role
4 at the end when it came down to it. I think it was his
5 powers of persuasion and political courage which ultimately
6 got the statute passed. This was not an easy road.
7 Ultimately when it went through, it went through unanimously
8 in both houses.

9 CHAIRMAN DEWEESE: Like our ethics legislation.

10 MR. GOLDSTOCK: So anybody who looked at it
11 years down the road would say, gee, this was a piece of
12 cake for you, but it was a very difficult proposition.

13 BY MR. WASHINGTON:

14 Q But then you took it to be a very vital tool
15 as far as --

16 A That is right. Ultimately what we said was
17 that if you look at the way the federal statute has been
18 used over the last 15 years, that is, the statute was
19 passed at the federal level in 1970 was used very sparingly
20 until the late '70s, early '80s. And then when it was used,
21 the gains against organized crime at the federal level were
22 dramatic. If you use that as the bench mark, then it is
23 quite clear that RICO does two things that are exceedingly
24 important in the fight against organized crime.

25 One is it allows you to concentrate on syndicates

1 rather than individuals. Not to fight a war of attrition
2 which the governments had lost over time, but to take out
3 entire crews of families of criminal organizations. And
4 two is it allows for the use of civil remedies even by
5 agencies which only had criminal authority before and
6 conceptually allows you to think in terms of dealing with
7 organized crimes as a social problem rather than isolated
8 incidents of criminal activity.

9 Q One final question then. We heard some
10 discussion yesterday and again today with regard to the
11 measure of success in the fight against organized crime
12 and there was an article in this morning's Philadelphia
13 Inquirer regarding the conviction and an imposition of
14 a sentence of 35 years, in particular, a heroin ring
15 family member in Philadelphia. I would think that most
16 of the people in the Commonwealth would think of this as
17 a success per se. I guess my question to you is that in
18 terms of your experience and what you hope to accomplish
19 can we continue to think that way and how should we measure
20 success, how does New York measure success and what are
21 our ultimate goals in the area?

22 A Well, you know, it depends what you are talking
23 about because organized crime can be defined in a lot of
24 ways and thought of conceptually in a lot of different ways.
25 On the one hand, we can think in terms of organized crime

1 as being syndicates. On the other hand, we can think of
2 it as being a kind of activity. So success really has to
3 be measured in at least two ways. One is the destruction of
4 the syndicate. And in that case, on the federal level
5 we have seen great strides in the last several years. As
6 I said before entire crews of families are taken out,
7 the entire hierarchy of families in some cases. In some cases,
8 emerging organized crime groups, the entire group taken out.
9 In the case of the Commission, the heads of the five
10 families indicted, convicted and sent to prison for 100
11 years.

12 That has done very little to affect the under-
13 lying criminal activities. Even with the syndicates being
14 hurt both from law enforcement efforts on the one hand
15 and internal sociological changes on the other, the under-
16 lying criminal activities are by and large unchanged.
17 There is the same amount of gambling and loansharking
18 where you are talking about surely illicit activities.
19 There is the same amount of corruption and racketeering
20 in legitimate industries like the water front or the
21 garment center or the construction industry or the carting
22 industry and that is where we have done the least in
23 succeeding against organized criminal activity. The
24 Federal Government had a wonderful investigation which was
25 code named UNIRAC which they investigated, prosecuted

1 corruption on the water front going from Miami up through
2 Washington, Baltimore area to New York and Boston and
3 major crime figures were put in prison for substantial
4 periods of time. And no one suggests that the water front
5 is any less corrupt now than it was before.

6 What has to be done in these areas is to
7 analyze the particular industry, determine why it has been
8 corrupted and then make structural changes within the
9 industry in order to effect reduction racketeering
10 susceptibility and potential. That is the kind of thing
11 we are trying to do in the construction industry. It is
12 the kind of thing we did in the carting industry. And
13 I think it is ultimately the only approach that will
14 succeed in the long run.

15 One of the fascinating things we have learned
16 in the construction industry was a historical analysis
17 that we undertook which demonstrated that in New York
18 there was a report by the Legislature in 1922 talking about
19 criminal activities in 1918 in the construction industry,
20 which if one read, sounded precisely like the kinds of
21 exposes that are in the New York Times today. The
22 modern mob in the United States was formed in 1930. That
23 means that the activities that were essentially the same
24 were as a result of something other than the mob. That
25 means if we were to take the mob out of the construction

1 industry, we might be left with the same kinds of corruption
2 and racketeering. That means we have to do something about
3 the industry itself to reduce the kinds of things within
4 the industry which will lead to that kind of illicit
5 behavior. And that is going to take in Pennsylvania as
6 well as New York something like an organized crime task
7 force and something like an academic institution which
8 brings to bear on the problem the kinds of skills, the
9 kinds of analysis which historically have not been
10 associated with law enforcement.

11 BY CHAIRMAN GREENLEAF:

12 Q I just want to ask some nitty-gritty type
13 questions here. That is in regard to prosecution. You
14 investigate.

15 A And we prosecute with the consent of the DA
16 and the Governor.

17 Q Where do you choose that forum and how do you
18 use that forum?

19 A We limit it to the investigation prosecution
20 of multi-county criminal activities. Theoretically in
21 any case there can be more than one county in which we
22 would bring the action. But generally speaking, there
23 tends to be one county that is more appropriate than
24 another because more of the criminal activity occurred
25 there or because there are a greater number of witnesses.

1 Q You don't shop around for jurisdiction. You
2 take the jurisdiction that --

3 A That makes the most sense. Geographically,
4 I mean, there may be a time, for example, we have three
5 regional offices. One in White Plains, one in Buffalo
6 and one in Albany. It may be that in a particular case
7 there could be jurisdiction in Albany and Herkimer County,
8 for example, and we'll choose Albany just because we happen
9 to have an office there and it is easier for the attorneys
10 to get into court and less travel involved. But by and
11 large there is a natural county in which to bring the
12 indictment and would choose to do that.

13 Q Then occasionally you have the option to turn
14 the evidence over to your federal authorities?

15 A We do that if either substantive or procedural
16 or both laws are better in the federal forum than they are
17 in the state forum. We do that on a regular basis. We
18 also turn them over on a regular basis to local authorities.
19 Allow the DA to prosecute the case. One of the things
20 that we are concerned about is that to the extent that
21 the Organized Crime Task Force is successful and able to
22 go into different counties and do those kinds of investiga-
23 tions, DAs may feel they don't have to devote their
24 resources to that or to do that and they don't develop the
25 expertise, they don't devote the resources to it and like

1 a muscle, when they don't use it, it atrophies and they
2 are incapable of doing it in the future.

3 The Organized Crime Task Force is a fine
4 institution at the present time, but you know, you can look
5 at law enforcement throughout the country and you recognize
6 even when there is an institutional basis that can change.
7 So what we tried to do is to encourage the local DAs to
8 work with us, to build their own units and to develop
9 expertise. We run training programs, for example, over
10 the summer and invite prosecutors from around the state
11 to learn how to handle these cases. We run training programs
12 for analysts. We run training programs for technicians.

13 Q Your personnel actually files criminal complaints
14 against the defendants and then you will prosecute that,
15 actually your attorneys?

16 A Yes, we have consent attorneys in my office
17 will go into the grand jury in a particular county, present
18 the evidence. I sign the indictment and those attorneys
19 will prosecute a case. But very often what we will do
20 is ask the local district attorney to assign somebody to
21 work with us. We, of course, benefit because we get --

22 Q Both prosecutors and investigators.

23 A Generally, local DAs' offices don't have
24 investigators that are available. They tend to be police
25 personnel that are assigned on individual cases. So there

1 is no one.

2 Q Does the Attorney General have that power
3 himself?

4 A No, the Attorney General does not have general
5 criminal jurisdiction in New York. Now, he has criminal
6 jurisdiction in specifically legislated cases like
7 securities fraud in civil court.

8 Q He can't assign an Assistant Attorney General
9 to do the same thing that you do?

10 A No, no. He doesn't have criminal jurisdiction.
11 But as I say, what we try to do is get the local district
12 attorney to assign somebody with us and build up the
13 expertise in that office.

14 Q The other thing, what do you think in regard
15 to, you said you did some studies in some other states.
16 What do you think of an independent commission that is
17 not under the Attorney General, not under the Governor.
18 There may be some constitutional problems with that in
19 that they are created to function and do an executive
20 function. But assuming we get over that.

21 A Actually, that was the problem in New York.
22 The reason we are technically within the Attorney General's
23 Office is because of the perceived constitutional problem.
24 So that we are independent but the designation is under
25 the Department of Law. I think that makes the most sense.

1 I think it makes sense to pull the task force away from
2 the political process because the very nature of the
3 task force is one in which success is going to be achieved
4 only if there is cooperation with the local DAs. And
5 political reality being what it is, DAs would be loath,
6 I think, not all but some would be loath to turn over
7 investigations or share them with another elected official.
8 Because they are concerned that the public would view them
9 as being incapable of doing their own work or just not
10 getting the kind of publicity to demonstrate the commitment
11 to their office to this particular kind of social problem.
12 And that is not a bad thing. I mean, they are elected
13 officials and they do need votes and they do need public
14 support. And so it seems to me that you have much greater
15 benefit in achieving the kinds of results that you want
16 in having them work with a state agency which is not
17 perceived as a rival but as just another resource to help
18 them do their job.

19 Q Could the Attorney General's Office be more,
20 the Governor considered a rival, some of it. So you are
21 saying it would be better.

22 A That is right. That is why I think that the
23 Organized Crime Task Force in New York is a good model for
24 that because the head of the Task Force is appointed by
25 both. Has to be fired by both, but on the other hand is not

1 a part of either of the two offices and operates
2 independent.

3 CHAIRMAN GREENLEAF: Thank you.

4 CHAIRMAN DEWEESE: Thank you very much.

5 MR. GOLDSTOCK: Thank you.

6 CHAIRMAN DEWEESE: We hope we will go forward
7 and if we do, your involvement will have been central.

8 MR. GOLDSTOCK: If I can be of any further
9 help --

10 CHAIRMAN DEWEESE: Reilly was bragging about
11 you before you got here and you have lived up to our
12 expectations.

13 I think Stewart and I, we would like to ask
14 both Mr. Reilly and Mr. Martens to come forward at this
15 time collectively rather than individually. And although
16 we will stick with format to some degree, I think it would
17 be best, Fred, if you could give us ten or so minutes over-
18 view on the need for the integrated effort that we have
19 been hearing about for the last couple days. And then,
20 Mike, if you could give us your ten minutes. I don't want
21 to sound completely like Joe Biden. He used to say five
22 minutes I think but ten minutes, the specifics of your
23 proposal. The reason I feel somewhat comfortable in doing
24 this is, Stewart and I have already discussed it, we are
25 going to be working with you down the line. And due to

1 some other commitments that we both have, we would like to
2 abbreviate the final hour into maybe a half hour. So if
3 you gentlemen could share with us your ten minutes, then
4 we will ask you questions. Is that agreeable?

5 MR. REILLY: Absolutely.

6 MR. MARTENS: Yes.

7 CHAIRMAN DEWEESE: Fred Martens, Executive
8 Director of the Pennsylvania Crime Commission.

9 MR. MARTENS: Thank you, Mr. Chairman. I
10 appreciate the opportunity. You have a submitted statement
11 for the record. I come with not quite the credentials
12 my predecessor, Ron Goldstock. I am one of those running
13 mules, if you will, Mr. DeWeese, that you spoke about
14 yesterday when you questioned Mr. Dintino.

15 Let me give you just a broad brush overview of
16 where we were coming from when we put this package together.
17 One of the areas that we have found, not only we but the
18 Federal Government as well as other state institutions
19 in law enforcement that deal with organized crime control,
20 one of the areas that was significantly lacking was the
21 so-called intelligence capability within law enforcement
22 to deal with the problem of organized crime. Organized
23 crime historically has been dealt with no differently than
24 traditional predatory street crime. It is different. It
25 is significantly different as these witnesses have told you

1 that preceded me. You have to deal with organized crime
2 in a more strategic, pre-planned focused method. The
3 reasons are many. One such reason that seems to be
4 consistently argued is that if you don't, resources tend
5 to be expended in an ad hoc disorganized fashion. I think
6 that is an important reason. I think there are other
7 reasons beyond that.

8 The whole notion of a strategic intelligence,
9 tactical intelligence capability emanated in 1967 by Charles
10 Rogovin, who is the Vice Chairman of this Commission.
11 When he was Task Force Director of the President's
12 Report on Organized Crime, he had pointed out in that
13 particular report that the biggest failure in law
14 enforcement in dealing with organized crime in America
15 was the lack of a strategic intelligence capability. That
16 law enforcement was more concerned with making cases,
17 generally low-level cases, than they were with understanding
18 organized crime as a form of enterprise or organizational
19 criminal activity. That Commission, I might add,
20 recommended that states empanel crime commissions like this
21 state has done, did do in 1968. That these independent
22 crime commissions would look at the problem of organized
23 crime and report to the Legislature those types of
24 enhancements that might better fit that statement. You
25 did that here in 1968. The Crime Commission is some 20 years

1 old.

2 I might add one of the points that consistently
3 gets raised is what is the role of the Crime Commission.
4 I am not here to defend that role. Mr. Reilly has done
5 a well job in defending that role. One of the things
6 the Crime Commission did do when I look back, in 1964
7 despite whatever motivations impelled it to do it, they
8 conducted a study, a strategic intelligence assessment
9 in a sense of the Philadelphia Police Department in which
10 they determined a systemic corruption was endemic in
11 that particular department and they made a set of
12 recommendations. That particular study proved to be true
13 some ten years later when the Federal Government went in
14 and made cases against various individuals and demonstrated
15 the systemic nature of corruption down there.

16 My point is it was that type, it is that type
17 of intelligence analysis, intelligence definition that
18 must be brought to bear on the problem of organized crime.
19 One cannot go around merely arresting gamblers, arresting
20 prostitutes, arresting drug dealers and not understand
21 or recognize the implications of those particular arrests.

22 You have heard and you have raised this morning
23 the whole issue of success and measuring success. Measuring
24 success in organized crime control cannot, as other
25 witnesses have pointed out, be based purely on arrest

1 statistics or statistics alone. One must look at how the
2 quality of life within that particular institution has
3 been improved as a result of that enforcement effort.

4 Absent that type of analytical inquiry, organized
5 crime enforcement tends to be nothing more than traditional
6 police investigation having nothing to do with the systemic
7 nature of organized crime.

8 If I may, I would just like to put a little
9 war story forth of that systemic effect. We keep hearing
10 about the invidious corrosive symbiotic nature of organized
11 crime. They are beautiful terms and what do they mean
12 in practical language. I go back some 20 years in New
13 Jersey. Some have labelled it the most corrupt state
14 in the nation. I am sure that criminalogical historians
15 will debate that issue for years. But regardless, Newark,
16 New Jersey was a city that was in total disrepair. The
17 mayor of that particular city in 1967 was a man by the
18 name of Hugh Adenezia (phonetic), who was subsequently
19 convicted of corruption, corruption which emanated, I
20 might add, from organized crime. They owned that city.

21 A report was put together after the 1967
22 riots in which 26 people were killed, 1,000 people
23 arrested and 1,000 people were injured, \$10 million in
24 property damage. A report was put together by a man by
25 the name of Robert Lilley, the Chairman of ITT, that found

1 that organized crime was pervasive throughout every
2 department of city government. That organized crime
3 basically was the invisible government. That particular
4 riot impelled the State of New Jersey to put together
5 an organized crime control program under crises. In this
6 state we have a luxury. We have a luxury of putting
7 together that program not under crises but under deliberate,
8 judicious review of what is available out there and how
9 we can pull that together to avoid and prevent that type
10 of symbiotic corrosive invidious relationship between
11 organized crime and political institutions, social
12 institutions and economic institutions. Thank you.

13 (Complete prepared testimony of Frederick T.
14 Martens was as follows:)

15 "Thank you, Mr. Chairman, for the opportunity
16 to appear before this Committee. As you are aware,
17 I came from a state, New Jersey, that enacted much
18 of its organized crime control legislation as a
19 result of crisis. New Jersey, as you may well
20 remember was championed by Life Magazine (1965)
21 as the 'most corrupt state in the nation.' Whether
22 this was an accurate description is certainly an
23 issue better left to the criminological historians.
24 Nonetheless, it did create an environment that was
25 conducive to passing a comprehensive organized

1 crime control package which has withstood the test
2 of time.

3 "Here in Pennsylvania, the Legislature is in a
4 much better position to evaluate other organized
5 crime control programs and improvise, enhance, or
6 even reject certain elements of these programs. We
7 are not acting under crisis, nor are we acting in a
8 vacuum. We have at our disposal the ability, time,
9 and spirit to act in a deliberate and judicious
10 manner, recognizing that a sophisticated organized
11 crime capability is a delicate balance between a
12 host of competing interests. I would like to discuss
13 two such interests that this Committee should
14 consider in its enhancement package.

15 An Intelligence Component

16 "You have heard from previous witnesses, the
17 need to incorporate an intelligence component in any
18 organized crime program. As you consider what type
19 of institutional structure the Commonwealth should
20 legislate, an intelligence component should be the
21 first order of business. That is, intelligence
22 is a precursor to operations, no different than a
23 diagnostic laboratory is to a surgeon. One does not
24 operate until one finds out or diagnoses the problem.
25 An agency should not commit resources to a particular

1 problem absent this diagnostic testing -- intelligence
2 We must not look at organized crime enforcement as
3 simply 'locking up gamblers', or 'arresting drug
4 traffickers or prostitutes'. This is vice
5 enforcement which is certainly not synonymous with
6 organized crime control. In fact, random, ad-hoc,
7 and ill-focused enforcement against independent
8 criminal entrepreneurs, may and likely will, organize
9 the market. Needless to say, at times 'targets of
10 opportunity' must be pursued, but in the main,
11 systemic organized crime is the business of an
12 organized crime control agency. An administrator
13 will not recognize the difference if he lacks
14 intelligence resources. It is, I might add, the
15 systemic form of organized crime that ultimately
16 undermines the social, political, and economic
17 infrastructure of a community. If this situation is
18 permitted to exist for too long, communities are
19 ultimately destroyed and power is shifted from
20 legitimate institutions to the invisible government
21 -- organized crime. Intelligence allows government
22 to identify, predict, define a response, and measure
23 the effectiveness of an organized crime control
24 program.

25 "The intelligence process, besides being a five-

1 step activity -- collection, evaluation, collation,
2 analysis, and dissemination -- can be separated into
3 two interrelated types of intelligence -- tactical
4 and strategic. With respect to tactical, we are
5 speaking of intelligence which has an immediate
6 impact, perhaps an arrest, a forfeiture, or a seizure.
7 The data is collected for a specific and usually
8 short-term purpose: effecting a criminal prosecution.
9 Strategic intelligence, considered to be the 'higher
10 form' of intelligence by some, is focused toward
11 a long-term goal. For example, a strategic assessment
12 may structure out a criminal network; define the
13 social harm exacted by this criminal network; and
14 recommend containment strategies -- civil, regulatory
15 and/or criminal. The value of strategic intelligence
16 should not be underestimated. It was the principal
17 recommendation of the 1967 Task Force on Organized
18 Crime, the findings of which stated the primary
19 failure of law enforcement was its lack of strategic
20 intelligence. This was reiterated in 1977 by the
21 General Accounting Office. According to the GAO,
22 data collection in the federal strike force program
23 was directed more towards arrest and prosecution, with
24 no discernible effort invested in strategic
25 intelligence. A strategically-directed intelligence

1 program that can identify with some degree of
2 precision the organized crime problems, order
3 priorities, and measure the results, is crucial to
4 a successful organized crime program. The Crime
5 Commission is developing this strategic intelligence
6 capability at this time, and any legislation that
7 emanates from this Committee should ensure that
8 this function is explicit in the Crime Commission
9 Act.

10 "Not only, however, should the Crime Commission
11 be required to engage in strategic intelligence
12 activities, the institutional arrangement arrived
13 at by the Legislature should require a tactical
14 intelligence function. Immediately available
15 tactical intelligence is the only rational method
16 of allocating limited police resources to the more
17 serious systemic organized crime problems. Moreover,
18 by bifurcating the two intelligence activities --
19 strategic and tactical -- one does not take pre-
20 ference over the other, and more importantly,
21 a check and balance exists. That is, the definition
22 of the more serious organized crime problems is not
23 necessarily the result of what operational units
24 define it as, for far too often, immediate results --
25 arrests -- consume the intelligence component making

1 it no more than a 'rubber stamp' for enforcement
2 decisions.

3 "The creation of an Organized Crime Control
4 Council would be a logical step in attempting to
5 coordinate investigative resources and establish a
6 statewide organized crime strategy. This Council,
7 comprised of relevant representatives of state and
8 local law enforcement agencies, would serve
9 essentially as an oversight organization, responding
10 to a strategic assessment of the organized crime
11 problem. This Council could be staffed by the
12 Crime Commission, which would serve in a similar
13 manner as it does with the Legislature. It would
14 provide quarterly assessments of organized crime
15 to the Council, providing law enforcement an agenda
16 for organized crime control.

17 "The significance of this independent source
18 of intelligence -- independent of the operational
19 units -- should not be underestimated. The Council,
20 in its oversight role, would have access to
21 intelligence that would not be solely derived from
22 operational units. It would be in a better position
23 to judge and make recommendations to state and local
24 law enforcement that would enhance our organized
25 crime control efforts.

1 "Needless to repeat, the critical role of
2 intelligence in organized crime control is an element
3 that must be legislatively mandated, if law enforce-
4 ment is to perform efficiently and effectively.
5 Absent a clear definition of the organized crime
6 problem, and a vision in terms of alternative
7 approaches to the problem, organized crime control
8 will be more in rhetoric and less in substance.

9 Measuring Effectiveness of Organized Crime Control
10 Efforts

11 "This brings me to the second point -- measuring
12 how effective organized crime control efforts have
13 been. Surely, this is an issue this Legislature
14 is most concerned about, for we are talking 'dollars
15 and cents'. Without some rational and relevant
16 method of measurement, the Legislature is ill-
17 equipped to address the thorny issue of resource
18 funding. And I might add, audit agencies are not
19 properly equipped to do the type of evaluation
20 I am suggesting.

21 "In order to develop both rational and relevant
22 measures of effectiveness, the goal of the agency
23 or unit must be explicitly established. For example,
24 if the goal is public order enforcement -- making
25 the streets safe and aesthetically comfortable --

1 then arrests of vice operators may be an appropriate
2 measure of effectiveness. In organized crime control,
3 this is certainly not the case. It is essentially
4 the organization of vice which must be controlled
5 or contained, and only those indices that measure
6 how the organization of the criminal activity has
7 been disorganized are relevant. In order to get at
8 the data which addresses this goal, one must examine
9 the criminal network(s) which control the territory;
10 how the territory is controlled (e.g., extortionate
11 violence and/or corruption); the extent to which
12 the services are monopolized (e.g., price, quality,
13 availability); and the presence of competitor,
14 emerging, or complimentary networks. As can be seen,
15 arrest statistics do not address these issues, yet
16 it is these very issues that are critical and
17 central to measuring the effectiveness of organized
18 crime control efforts.

19 "Essentially, the control of organized crime
20 must result in the end, in a demonstrable reduction
21 in a particular social harm. It is this concept
22 of social harm that ultimately guides our organized
23 crime control program. For example, the social
24 harm exacted by illegal gambling may be endemic and
25 systemic corruption of criminal justice institutions.

1 Thus, criminal organizations that seek to corrupt
2 or have corrupted the criminal justice processes
3 would certainly deserve a 'higher priority' than
4 say, gambling entrepreneurs who lack or do not wish
5 to engage in this corruptive behavior. In this
6 particular example, it was the corruptive processes
7 that were defined as 'socially harmful' as opposed
8 to the illegal gambling. Thus, success of an
9 enforcement program would be assessed against the
10 diminishment of corruption in the criminal justice
11 process.

12 "Another, perhaps more relevant example, is
13 the recent incarceration of Nicodemo Scarfo and
14 his hierarchy. In the case of the Scarfo
15 organization, the social harm which his group
16 exacted upon the community were (1) his resort
17 to undisciplined, reckless violence, (2) his desire
18 to corrupt the political system, (3) his blatant
19 disrespect for the democratic processes within the
20 Roofers Union, and (4) his desire to expand
21 extortionate activity into locales heretofore
22 believed to be independent of La Cosa Nostra control.
23 In the purest sense of the term, the Scarfo
24 organization was predatory, exploitive, and
25 corrosive of the moral infrastructure of our social

1 institutions. In terms of measuring the effectiveness
2 of our organized crime control efforts, we would
3 examine the decline of violence, the return of the
4 democratic processes to both government and the
5 union, and the containment of Scarfo's expansionist
6 efforts. Clearly, these criteria are significantly
7 different from what we have become accustomed to
8 examining and accepting carte blanche. While
9 arrests are certainly one measure of our containment
10 efforts, seizures of financial assets, divestment
11 of the criminal organization over an illegal service
12 or good, and the dismemberment of the criminal
13 organization in toto are equally as relevant, if
14 not more relevant, indicators of success.

15 "What I and other organized crime specialists
16 are suggesting is that organized crime control
17 efforts defy simplistic, one-dimensional measures
18 of effectiveness. It is not enough to examine
19 narcotics arrests. The decrease/increase in purity,
20 reduction or increase in price, ease of availability,
21 residual harmful activities (e.g., burglaries,
22 murders, muggings, etc.) that are directly related
23 to the activity, and the impact on our institutions
24 of government (e.g., corruption, cynicism, etc.),
25 are far more indicative of the impact that organized

1 crime has on the quality of life in a community.

2 "Measurement of effectiveness for organized
3 crime control programs demands a rigorous evaluation
4 process. Legislatures should not fall prey to an
5 irrelevant series of statistics. As public agencies
6 compete for a share of the ever-decreasing government
7 monies, relevant and demonstrable measures of
8 effectiveness must become part of these programs.
9 The Commission encourages the Legislature to require
10 an evaluation component, distinct from an audit
11 and sunset review function, which addresses the
12 organization of crime and its attendant social
13 consequences.

14 "Thank you."

15 CHAIRMAN DEWEESE: Michael.

16 MR. REILLY: Thank you. I have prepared
17 remarks. I will put those in and not speak from them.
18 You are about where we were when we completed our study.
19 You have talked to the critical people. You have seen
20 the best in the country and we'll start with people from
21 these organizations. What emerged from our study and
22 what I think you would agree with and what I think everyone
23 will agree with is there are certain things that need to
24 be done. We have a significant organized crime problem
25 here in Pennsylvania. If we are going to deal with it,

1 taking advantage of what we learned from some other
2 jurisdictions, we have to have a dedicated enforcement
3 group of trained, motivated and adequately compensated,
4 well-compensated, if you will, professionals, investigators,
5 attorneys, accountants, analysts, other technical specialists
6 to come together to allow Pennsylvania to focus on the
7 problem of organized crime.

8 We also need sensitivity at the highest levels
9 of the Commonwealth.

10 CHAIRMAN DEWEESE: You mean you are talking
11 about the Governor?

12 MR. REILLY: Well, I am talking not just the
13 Governor. I'm talking about the Governor, the Attorney
14 General, the Legislature, I'm talking about the district
15 attorneys in the major metropolitan areas and District
16 Attorneys Association. Basically the group, what we tried
17 to do to try to address that is the Council, the Organized
18 Crime Control Council. Where those folks, with the
19 tremendous number of items on their agendas in any case
20 will periodically look to the issue of organized crime
21 and not look to it as an episode but look at it as a
22 process. Look at it as an ongoing phenomena that has to
23 be dealt with. That is why we suggested the Crime Commission
24 staff that enterprise. That was the thought there. When
25 you think about what tools are needed, I don't think there

1 is going to be any dispute about what tools are needed
2 in terms of what legislative changes would be appropriate,
3 what can work, what can't work, what works other places,
4 what seems to do the job. I think we can walk forward
5 in those. I don't think there is any real controversy
6 in any of those suggestions we are making.

7 I suggest to you that if we were, as has been
8 suggested by earlier speakers, writing on a blank slate,
9 if we were designing a state and local government and
10 wanted to build in it a component to deal with the problem
11 of organized crime, we would do it in a different fashion
12 than we have recommended here in our preliminary suggestions.
13 The reason would be you wouldn't have to deal with the
14 reality and the history, but we do have to deal with that
15 reality and the history. We have a situation here where
16 we are one of those states that has 67 elected, independent
17 prosecutors, one in each county, with a tradition and a
18 support base and an expertise, quite frankly. We have
19 historically had an appointed Attorney General until we
20 elected to change our constitution and eight years ago
21 elect our Attorney General. When we decided to do that,
22 we took not -- our Attorney General is not the Attorney
23 General of Arizona. Our Attorney General does not have
24 the powers that the Attorney General in Arizona has. Our
25 Attorney General has in some ways more powers and some ways

1 less powers than the Attorney General of New York.

2 You look at what was done with the Commonwealth
3 Attorneys Act. You look at the naked reality. What we
4 did is a significant number of the civil aspects of what
5 had been in the Attorney General's Office were placed in
6 the General Counsel's Office. The Attorney General had
7 not historically done much in the way of criminal prosecution
8 in Pennsylvania and was given a very limited mandate in
9 the area of criminal prosecution in the Commonwealth
10 Attorneys Act. He was given state employed public
11 corruption and multi-county organized crime. The elected
12 local prosecutors kept the rest of that jurisdiction. These
13 are realities.

14 Those folks, the elected prosecutors, are
15 very sensitive to their prerogatives. Just as they were
16 in New York and as they are in Arizona. I suggest to
17 you that if we are going to have a state enterprise dealing
18 with this problem, that the model -- the reason we selected
19 the New York model rather than selecting the Arizona model
20 or the New Jersey model, both of which are strong Attorney
21 General models, was because of the reality that we find
22 here in Pennsylvania. That reality is if we want to work
23 with the prosecutors who have that responsibility right
24 now, if we want to start to build something that will be
25 politically trusted because it is apolitical, we thought

1 the best model was the New York model.

2 The reason for that, if this enterprise is
3 going to get up and going, unless you want to build a
4 huge bureaucracy, unless you want to have hiring hundreds
5 of investigators to work and fight organized crime, you
6 are going to have to depend on the police agencies that
7 are in place today; the Pennsylvania State Police, the
8 Philadelphia Police, Pittsburgh, Allegheny County Police,
9 the investigators, the district attorneys' offices. You
10 are going to rely on those people.

11 Significantly, if we model on New York, you
12 are going to rely on the State Police. You will get a
13 lot more cooperation from the State Police if this
14 enterprise, if the task force that we recommend is seen
15 in some ways the Governor's creature. So that the Governor
16 will encourage the State Police Commissioner or support
17 the State Police Commissioner in going forward and
18 cooperating with this enterprise. At the same time, a lot
19 of what is going to be done to deal with organized crime
20 is going to be done civilly and civil litigation is one
21 area where the Attorney General, when we cut up what
22 happened in the Attorney General, that civil litigation
23 capability was kept in the Attorney General's Office and
24 that expertise resides there and with adequate laws,
25 hopefully, there will be that coordinated effect.

1 The prosecutors are very worried about the
2 Attorney General. The exact model that Goldstock gave us
3 is the reality model here in Pennsylvania. They don't want
4 another publicly elected prosecutor looking over their
5 shoulder trying to make them look bad. That is the fear
6 we had ten years ago. When we put together the grand
7 juries, that was a fear that was addressed by the State
8 District Attorneys Association and individual members of
9 it. We adjusted the Pennsylvania investigative grand jury
10 system to reflect that concern.

11 Another thing we got now is we don't have,
12 most prosecutors in this Commonwealth, most district
13 attorneys in this Commonwealth do not have access to
14 investigative grand juries. This is outrageous. Ten years
15 ago we put that into the bill because that is a critical,
16 critical tool. In Allegheny County, in Philadelphia
17 County, the county commissioners completely staffed any
18 grand juries requested and have every indication they
19 intend to continue to do so. In the rest of the county,
20 pardon me, in the rest of the Commonwealth an investigating
21 grand jury is an aberration and an abnormality.

22 What I would like to see done here is the
23 system we envisioned ten years ago put into place. That
24 is, there will be multi-county investigative grand juries
25 staffed by I suggest the task force because the district

1 attorneys, I believe, will come to trust the task force if
2 we put the right person in charge of it in a way they have
3 not historically trusted the institution, that is, the
4 Attorney General's Office. Not an individual human being,
5 but the institution of another elected public prosecutor
6 who wants to have the authority to look over their shoulders.

7 I think what we will achieve by doing that is
8 we will have more cooperation between prosecutors and a
9 closer relationship between the prosecutors and our task
10 force than New York has. Because the task force will bring
11 something to the party besides making cases and given a
12 chance to pat the DA on the back when the case is made
13 and he prosecutes it, it will also provide a resource to
14 the DAs that is an awesome resource which is the investigating
15 grand jury. You will also have the expertise there to work
16 with the DAs.

17 That is the reason we picked the model we did.
18 We picked that model was because we think here in
19 Pennsylvania, sure, if we had a different state, if we
20 were Arizona, the Arizona model works beautifully in
21 Arizona. The Jersey model works in New Jersey. We are
22 much more analogous to New York than we are analogous to
23 Arizona, Florida or New Jersey.

24 Let me touch on a couple of the controversial
25 or unusual aspects, where we go beyond any of those other

1 jurisdictions. We go beyond them in providing for that
2 council where the senior agency heads, whether elected or
3 appointed, have to get together and address the significance
4 of the organized crime problem on a periodic. we suggested
5 quarterly basis. We also acknowledge the need of formalized
6 training, training beyond my model as I told you when I
7 testified before. I see the institute as sort of a
8 combination between West Point and the War College where
9 balanced people see it as a combination between West Point
10 and the Kennedy School in that it will provide training
11 for new prosecutors who will be getting into those cases.
12 The same thing the Crime Commission encouraged and
13 cooperated with Mr. Goldstock and conducted in Carlisle,
14 Pennsylvania last summer for Pennsylvania investigators
15 and prosecutors. We will do that West Point kind of
16 training. That basic training, that fundamentally
17 culturalization of how you go after organized crime. But
18 then we will do the War College or the Kennedy School kind
19 of thing by bringing professionals together and letting
20 them share their expertise with each other and learn new
21 ways and see novel approaches and develop new strategies.
22 That can work. I believe it can work. That is what will
23 take us ahead of those other jurisdictions.

24 There is another element that we took from
25 Florida that we really haven't discussed much thus far today.

1 And that is to have an organized crime trust fund or
2 revolving fund or whatever you want to call it. When we
3 put these new forfeiture provisions in place, not the old
4 narcotics forfeiture. That has been decided how that money
5 will go. I don't want to disturb that. There was enough
6 of a war fought in putting that together. But if we get
7 into these civil and cro,oma; RICO forfeitures and the general in-rem
8 forfeiture provisions that the money generated by those
9 statutes, 15 percent of that money will go to a fund which
10 will be administered by the Council, the Council being
11 all those high public officials. That will be used to
12 support organized crime control, to support the training
13 that is conducted, to support witnesses, where local support of
14 witnesses is required, to support the myriad ways in which
15 we can go forward and deal with organized crime. It is
16 a novel approach, but it is not a crazy approach. It is
17 just taking what we are going to have to get into some
18 day, hoping we will get into it now when we are not driven
19 into it by a scandal and get into it thoughtfully. The
20 critical key to this is going to be whether or not we can
21 get everyone who is in place now take into account the
22 reality of Pennsylvania as we find it. Whether we can
23 generate a system that will enable those people to go
24 forward and do the job and force into that system
25 a rational evaluation that lets you as the Legislature know

1 whether you are getting the bang for the buck and it is
2 much more than that. Whether the laws you are passing are
3 doing what you are passing them to do in the organized
4 crime control area. Whether the performance of these
5 enterprises we are talking about generating comes up to
6 the standards and the necessities that we all have agreed
7 upon and meets the challenge of control of organized crime
8 in the Commonwealth.

9 CHAIRMAN DEWEESE: Stewart.

10 BY CHAIRMAN GREENLEAF: (To Mr. Reilly)

11 Q This situation with the college.

12 A Institute.

13 Q Penn State, I think it is a fine idea, but
14 it would seem to me we already have three agencies looking
15 at organized crime, two of which are studying it and
16 only one that is going to prosecute. That leads me to
17 the next situation. I have always been very supportive
18 of the Commission and expect to continue to be so. But
19 it seems to me that an agency that only studies the problem
20 and never exercises, uses that information can atrophy,
21 can get stale. You can lose your direction and enthusiasm
22 because of not having the ability to prosecute. You are
23 always studying the same issue and never following it
24 through. It seems to me there is a tremendous -- and it
25 applies to all types of human activity not just the Crime

1 Commission. And by not being able to prosecute I think
2 there is a danger in that for you and the Commission and
3 someday you may be reaching a dead end which leads me to
4 my next conclusion. I know you haven't been asked this,
5 but I think we appropriate two million dollars a year to
6 the Pennsylvania Crime Commission from the Legislature and
7 Mr. Goldstock has indicated he receives seven million dollars
8 and he runs this task force and prosecutes individuals
9 of organized crime and is showing some results.

10 I am starting to come to the conclusion that
11 maybe it is the Crime Commission who should be turned into
12 an agency that is investigating and then prosecuting
13 organized crime figures. You spent the last decade or
14 so investigating this form of criminal activity. Why not
15 use the Commission now, increase your appropriation and
16 turn yourself into a prosecuting agency. I know you're
17 going to say you don't want to do it for political reasons,
18 whatever. But is there some practical reason why you
19 wouldn't want to do it that way?

20 A Yes, to me there are. I am not speaking on
21 behalf of the Commission because the Commission as a
22 Commission hasn't addressed that issue. So I can't speak
23 as the Chairman for the Commission.

24 The set of skills you need, the set of skills
25 we are trying to develop in the Commission now are the skills

1 of an intelligence agency, an intelligence analytical
2 agency, and that set of skills is a very different set of
3 skills, strategic intelligence skills than the set of
4 skills that this new prosecuting group is going to need.
5 You are going to need crackerjack investigators, you are
6 going to need attorneys who are investigative attorneys
7 in order to run a grand jury, run a wire, coordinate with
8 people, get the respect of the State Police who are going
9 to -- just as we have heard from the former New York State
10 Police official, Dintino, we are going to have problems
11 with the first relationship with these other people. I
12 suggest to you also we don't have the Governor's support
13 inherent in us that you would with this new agency. That
14 is one of the things I really liked about the New York
15 model. The Governor jointly appoints the person that
16 heads that.

17 We bring a lot of baggage with us as a Crime
18 Commission. We conducted the Philadelphia Police investiga-
19 tion. There is still some bad blood in that regard. We
20 have a lot of friends and we have a lot of enemies for a
21 lot of things we are proud of and a lot of things we're
22 not so proud of in the past. I think this new enterprise
23 will have a much better chance of getting a running start
24 by starting off clean. Not starting off bringing the tail
25 that we bring with us.

1 The other thing I like, I really am convinced,
2 something, I was absolutely not convinced of ten years ago
3 when we did this legislation on the Crime Commission. I
4 knew what it was doing before wasn't the right thing. It
5 was an absolute toothless tiger. It was making cases.
6 It was acting like a case-making agency without making
7 cases, without doing referrals at the end rather than making
8 cases. What I think we thought we were doing on the
9 Committee, on the Rhoads-Sirica Committee, is we were
10 giving it the investigative ability to do hearings which
11 were important and possibly to provide that hearing ability
12 to the House and the Legislature. We also had some vague,
13 because we have read the reports that were referred to,
14 we had some vague appreciation of the value of intelligence.

15 We have learned principally through Charlie
16 Rogovin, he is one of the most knowledgeable people in the
17 country on the idea of intelligence and its value, he has made
18 converts of us, the five of us who were the commissioners.
19 That is the reason Fred Martens was recruited and hired,
20 recruited in an extraordinary fashion. Brought in while
21 he was still a Lieutenant in the New Jersey State Police
22 to be able to get him so it wouldn't be New Jersey who had
23 proposals to move him other places and use him other ways.
24 They extrordinarily cooperated with us because they have
25 seen the value of intelligence. This intelligence function

1 is not an added extra. Stewart, you and I both come from
2 prosecution perspectives, but there is much more to
3 organized crime control than arrests and convictions.

4 What the Crime Commission hopefully will be able
5 to provide to us is that additional dimension. That dimen-
6 sion of evaluation and thoughtful approach. It is so hard,
7 when you are in a prosecutor's office and look at anything
8 up -- it is like saying there is more to, let me suggest the
9 example, perhaps -- I'll take another industry where I
10 have seen this example used. In a hospital, I do a lot
11 of work with hospitals in my civil practice. And I
12 work with hospital administrators. I went to one of their
13 conferences and somebody came up and said being a hospital
14 administrator is like being a zoo keeper. Because you got
15 to remember you don't run the zoo for the animals. You
16 don't run the hospital for the doctors and the nurses and
17 the lab techs and the X-ray people. You run it for the
18 patients. You run it for the visitors to the zoo. And
19 you can -- it's a wonderful 45- minute speech. But when
20 you're running a prosecutor's office and you are running
21 it to make cases, to prosecute people, to get convictions
22 and sustain them. When I met with the Executive Committee
23 of the DA's Association, that is their focus and it should
24 be their focus. That is their mission. But there is a
25 bigger issue here. There is an issue that requires a little

1 broader focus and cannot be drawn off by case-making.

2 The Crime Commission historically hasn't provided
3 that. Hopefully, it will. Hopefully, it will be able to
4 with the changes, with the new staff we are bringing on,
5 the new focus we are bringing. Hopefully, we will be able
6 to do that. If we then make the Crime Commisison a case-
7 making agency, then nobody will be doing it. These
8 enterprises we are taught, the Crime Commisison is not a
9 case-making agency. That is right.

10 The institute is a training. It is a practical
11 training kind of an enterprise. It is to bring in these
12 disciplines and use them. The Council makes sense. The
13 people that sit on the Council, it is to try to give them
14 a little bit of this broader focus. it is to have the
15 State Police Commissioner dealing with the Attorney General
16 and the Governor and the police chiefs and the DAs in some
17 of the larger jurisdictions and members of the Legislature
18 and sitting there focusing on how we can deal with the
19 problem seen as a social problem which organized crime
20 really is. It is not just these predatory gangsthat are
21 out there. It is a problem that has to be dealt with a
22 little broader.

23 The other outfit is a case-making agency. This
24 new thing we are doing, we are trying to come up with real
25 hard case-making. But is a case-making a g e n c y that

1 hopefully will have the focus that Goldstock has brought to
2 his agency in New York. We will see their cases as more
3 than putting individual members of the enterprise away
4 and looking a little broader. There are other ways to
5 do it. There may be better ways to do it. This is the
6 best way, with our knowledge in Pennsylvania and our
7 experience in Pennsylvania, that we could think to
8 assemble the set of needs.

9 Q I'm just trying to anticipate some of the
10 objections I know I'm going to receive on the floor from
11 this and the other objection is about the number of agencies
12 that are being created under this proposal. What about
13 a combination and combining the institute with the Commission?

14 A Well, I could see a lot, I am really, there
15 is no magic to what we have tried to assemble here. It
16 may be the decision of the Legislature after thoughtful analysis
17 that perhaps an Arizona model is more appropriate. Maybe
18 we ought to try to create this hard charging prosecuting
19 enterprise in the Attorney General's Office. I am not here
20 to, I have a position. I believe what I propose and I
21 have explained why I proposed it.

22 Q I understand that. What about the combination
23 of the institute and the Crime Commission together, sir?

24 A I think that could be very useful. And one
25 of the things, if we put legislation together, it might be

1 very useful, this is tactical legislative decision-making.
2 I would think, you know, I would think that would make a
3 lot of sense.

4 Q At least you're not saying we are creating
5 another agency. We are expanding a present agency's
6 function.

7 A One of the reasons we didn't do that was my
8 fault, my personal fault, not the Commission's fault,
9 Mike Reilly's fault. And that is, I wanted this thing
10 in no way to appear to be an attempt to aggrandize the
11 Crime Commission. That no one could say the negative
12 comments I have heard so far on something I foolishly
13 allowed in this package. That was, we have always put in
14 the Crime Commission in the wiretap bill that we would,
15 that the Chairman of the Crime Commission would have the
16 ability to approve one party consent. That has always
17 been in the Crime Commission wiretap bill. It has never
18 been accepted. We left it in this one and now there is
19 talk that this is an attempt by the Crime Commission to
20 grab wiretap authority. That is wrong. I probably
21 shouldn't have put it in the bill at all. I probably
22 should have stopped it from going in the bill. That was
23 an oversight on my part. We tried to downplay the Crime
24 Commission as much as possible so this would be seen, you
25 could look at the real problem and the real solutions and

1 not see it as some ploy by the Crime Commission to swing
2 around to grab additional budget or grab additional
3 personnel. I think that makes sense. I think that would
4 make perfect sense to coordinate that with the Crime
5 Commission. I think with the Crime Commission's intelligence
6 abilities, the intelligence capability that is developing,
7 with the academic addition, with the Crime Commission's
8 natural relationship, hopefully with this Council, that
9 makes perfect sense.

10 CHAIRMAN GREENLEAF: Thank you.

11 BY CHAIRMAN DEWEESE: (To Mr. Reilly)

12 Q So gentlemen, we adopt everything on the chart
13 in back and you folks as originally constituted the Crime
14 Commission continue in intelligence gathering and
15 surveillance. There is no way, I realize that politically
16 and personally you decided to not be perceived as trying
17 to subsume more power for some of these other -- but when
18 I look at those things listed and then I think of the
19 Crime Commission down the line, it seems somewhat super-
20 fluous, I'm sorry, because I think you tried to explain
21 to Stewart but it didn't register. I don't quite see
22 why we need the Pennsylvania Crime Commission for in 1993
23 if all those things are on line.

24 A If all those things are on line, what you will
25 need the Pennsylvania Crime Commission to do are some other

1 things. You will need the Pennsylvania Crime Commission
2 to help you with the strategic intelligence assessment of
3 organized crime. Every one of those agencies, except the
4 Council, we assumed you fold the institute into the
5 Crime Commission. What the Crime Commission brings to
6 the Council, what the Crime Commission brings to the
7 Legislature is a strategic assessment of organized crime.
8 It also brings that ability as a noncase-making agency to
9 hold those public hearings. One thing we have decided to
10 do as a Crime Commission is to go forward. And when we,
11 we get occasions where we can hold a public hearing. What
12 we have decided amongst ourselves to do, as commissioners,
13 is when we have a public hearing, we are going to decide
14 whether we should hold a public hearing or whether some
15 legislative committee should hold a public hearing.
16 Because if it is a public hearing that ideally will lead
17 to a solution that will be legislation, I can tell you what
18 doesn't work. And that is, the Crime Commission to hold
19 a hearing, publish a report, recommend legislation and
20 it disappears. Because we have not built the consensus
21 and the support, the thoughtful analysis into the
22 legislative process into the staff and the members of
23 the concerned committees.

24 Other times there is no way in hell that the
25 Legislature should be concerned. We have to do some very

1 unpleasant things, some things that will not lead to
2 legislation, but will lead, hopefully, to some control
3 of organized crime groups. You don't involve the Legislature
4 in those things.

5 A lot of things we do and a lot of things we
6 look at really we should be working with the Legislative
7 Committee. Those hearings are going to be much more
8 effective as legislative hearings staffed by the Crime
9 Commission than they are as Crime Commission hearings
10 leading eventually to reports and draft legislation being
11 sent to probably the wrong committee. If we do our normal
12 practice, we will send it to the wrong committee. We will
13 send something that belongs in local government to judiciary.
14 Something that belongs in judiciary to --

15 MR. MARTENS: If I may, Mr. Chairman, I would
16 just like to respond to that. From my experience, if
17 you were to do that, I would say you would have no
18 strategic understanding of organized crime in Pennsylvania.
19 My experience has proven enforcement agencies generally,
20 because they are involved in case-making, only are
21 concerned with making a particular case. They are not
22 concerned with that overall picture, generally speaking.
23 I would see it probably --

24 BY CHAIRMAN DEWEESE: (To Mr. Martens)

25 Q And the Council and the institute would not

1 fill that void?

2 A Well, we are not dictated to either by
3 enforcement concerns, case-making concerns.

4 MR. REILLY: What are they going to know?
5 What is the Council going to know? Who is going to get
6 up in front of the Council? Is it going to be the DA who
7 says, made a great case in, I am from Allegheny County,
8 so I'll pick Allegheny County, made a great case in
9 Allegheny County. Crime is under control there. Or is
10 it going to be because he is a case-maker? What is needed
11 as a staff to report to that Council, to give to the
12 Council the big picture, to focus the coordinated effort?
13 And that is what, especially if you combine the institute
14 and the Crime Commission, that is exactly what they can do
15 for that Council. The Council should see the big picture
16 and act on it.

17 CHAIRMAN DEWEESE: Paul McHale.

18 REPRESENTATIVE McHALE: Thank you, Mr. Chairman.

19 BY REPRESENTATIVE McHALE: (To Mr. Reilly)

20 Q I'm going to follow up on some things that the
21 previous questioners presented to you. Mike, I share the
22 intuitive concern that Stewart voiced a few minutes ago.
23 It is obviously important that we gather information and
24 we study a problem. But as I think Stewart went on to
25 point out, it is important that we convert that knowledge

1 into effective action against organized crime. He raised
2 the question of your agency assuming the prosecutorial
3 function. Initially, that had some appeal to me as well.
4 Would there be a constitutional problem in that you are
5 the creation of the Legislature as I understand it?

6 A Of course, all the agencies are, in many ways,
7 creatures of the Legislature. We are, as you know, four
8 of our five commissioners are appointed by the Legislature.
9 We have the majority-minority House and Senate and one
10 from the Governor. That is where our five commissioners
11 come from.

12 Q It was indicated that the State of New York,
13 the program that is in effect there, that program has been
14 placed technically under the jurisdiction of the Attorney
15 General's Office.

16 A Correct.

17 Q Would we have to make a similar statutory
18 change in your grant of authority if we were to give you
19 prosecutorial authority in order to avoid having created
20 a legislative agency engaging in an executive function?

21 A I would suspect we would.

22 Q So long as you maintain your charter as a
23 legislative agency or primarily a legislative agency,
24 is there something that we could do to provide for more
25 systematic ongoing communication between your Commission and

1 the legislative process? I found this very informative
2 today as I heard what was happening in New York and Arizona
3 and other states. We get that, which I personally, I
4 think this Committee gets that kind of information far too
5 sporadically. Is there something we could do to really
6 make you an effective agency under the legislative branch
7 of government in providing us with current information,
8 evolving trends in the field of law enforcement, particularly
9 as that law enforcement impacts on organized crime?

10 A I think there really are things like that.
11 I think what we have tried to do, the realization we have
12 come to, the current five commissioners, actually four
13 commissioners, one of our commissioners resigned and
14 accepted a position as Legislative Liaison to the Governor.
15 Tom Lamb's position is vacant. I think that is what we
16 should be doing. I am telling you ten years ago, when we
17 redid the Crime Commission and I say we because I was
18 a staffer on the committee that wrote that. In fact,
19 Tony Sirica and I wrote that bill. That is what we had
20 in mind. That is what we wanted to know. We didn't want
21 to have to do a Rhoads-Sirica investigation to discover
22 the status of organized crime every five years. We wanted
23 to develop, and we thought that by having the appointment
24 process work that way that we could do something else.
25 That is why I talked about investigations.

1 We realized that under the Pennsylvania system,
2 it is very unlikely that there will ever be a permanent
3 committee on investigations, that there will ever be a
4 state legislative committee either in the House or Senate
5 or jointly with subpoena power and the ability to go on
6 and constantly investigate. We thought the Crime Commission
7 could fulfill that function. The Crime Commission has
8 the subpoena power, has the investigators, the field
9 investigators, to keep the Legislature up to speed in
10 the organized crime area. The public corruption area,
11 frankly, because the Crime Commission has a double maybe
12 we are just here today fundamentally --

13 Q Are we achieving that purpose?

14 A We have historically not done so. I don't
15 find that the annual report is an adequate device to do that.

16 Q That is what I am getting at. If we want to
17 convert your information into action and if there are
18 procedural and perhaps even constitutional problems, making
19 you prosecutors, at least we ought to make you effective
20 participants in the legislative process.

21 A I agree with you 100 percent. We have to find
22 a better way to do that. And I am sure there has to be
23 a better way to do that.

24 Q Just kind of a closing question, a general
25 question, when you discover some other state has come up

1 with a good idea, you discover an innovative approach that
2 is being taken by Arizona or in New York or in any other
3 jurisdiction, is there any kind of systematic way that you
4 communicate that information to us so that we can convert
5 it into effective legislation?

6 A There is not. And by the same token, frequently,
7 let me give you the other side. As bad an example as the
8 one you have provided. We never, I don't think you think,
9 and we certainly don't think, you often consider issues
10 that are organized crime control issues in the broadest
11 sense and with no thought is there another research. We
12 can ask for the Council on Crime and Delinquency, we can
13 ask for something, but never a thought does the Crime
14 Commission have anything that would be useful to us in
15 making a decision about where should we go on gambling
16 in the Poconos or where should we go on off-track betting.
17 What happens is they come up when we come here for our
18 annual report. We come here to give our annual report and
19 people touch on the issues that happen to be current in
20 their -- that is our fault. The legislators are busier
21 than the DAs are. We should be finding a way to keep in
22 that loop because that is how we can most -- the two things
23 we can do. The two really good things we can do as a
24 Crime Commission. We can keep the Legislature up to speed
25 and we can keep the public up to speed and aware. Because

1 if we can do those two things, Pennsylvania will march
2 forward and will come to the state of the art and stay
3 there.

4 Q I think we have to achieve that if we are
5 to be effective in making productive use of the information
6 you gather. There has to be some better formalized
7 mechanism for that information to become good law. I'm
8 not quite sure how we do that. Maybe we ought to have a
9 more frequent report to a subcommittee of the Judiciary
10 Committee, House and Senate or perhaps nothing more than
11 just a simplistic as this may be with desk top publishing
12 so readily available these days. It may be that you would
13 want to produce a quarterly report that you would perhaps
14 submit at some length to a subcommittee of the Judiciary
15 Committee with a summary that you just run off on one
16 particular computer, like a MacIntosh Computer. You know,
17 maybe a one-page document or a two-page document that
18 somebody produces on a desk top publisher and you then
19 disseminate perhaps on a quarterly basis to the members
20 of the House and Senate pointing out innovative programs
21 that have been undertaken in other jurisdictions that
22 have come to your attention.

23 Perhaps, if we can't take your information
24 into court and formally ask you to prosecute, we have to
25 find a better way for you to communicate that information

1 to us so we can pass more effective laws.

2 A I agree with you 100 percent.

3 REPRESENTATIVE McHALE: Thank you, Mr. Chairman.

4 CHAIRMAN DEWEESE: Tom Caltagirone.

5 REPRESENTATIVE CALTAGIRONE: Thank you, Mr.
6 Chairman.

7 BY REPRESENTATIVE CALTAGIRONE: (To Mr. Reilly)

8 Q Mr. Reilly, the chart behind you, I happen
9 to also sit on the Appropriations Committee and I have
10 to ask this question. What dollar amount are we talking
11 about and can you give us a breakdown on the number of
12 employees that would require or haven't you gone that far?
13 There's got to be a cost factor.

14 A I could tell you if you duplicated the Goldstock
15 operation, just what he said, it will be six million dollars.
16 But I also will tell you that what I have seen in my
17 experience is Goldstock's operation didn't start at the
18 Goldstock operation. You start lean and good and you
19 demonstrate your competence and then you get more resources.
20 That is the way you move into this area. And I would
21 suggest you not start with a full blown, you know, an
22 organization as big as Ron Goldstock's.

23 The other thing that I am suggesting, and I
24 don't have a cost on those multi-county grand juries.
25 We are going to have to cost what it would be to have those

1 up and working and that is a function of how busy they are.
2 But if they are busy, you are going to get your money's
3 worth. The way you waste it is if they sit there, and
4 you know, tell each other stories and knit which I have
5 been in front of grand juries that that is how they spend
6 a fair amount of their investigating time. We can work
7 with you to develop those numbers. We didn't come in --
8 a lot of them are limited costs. A quarter million dollars
9 would take care of the institute and as it starts to get
10 grants and gets access to this pool of money, crime control
11 pool, that will disappear. The Council --

12 Q Can I just --

13 A Sure.

14 Q Since you mentioned the institute, that would
15 in effect operate out of Penn State main campus?

16 A That is right.

17 Q So there really wouldn't be a great deal of
18 expense?

19 A Exactly.

20 Q I mean, there would be something available on
21 the campus?

22 A Exactly. Penn State is very supportive of
23 this idea. They are trying to find the best ways to make
24 it the most economical. They have a real sense that the
25 Legislature has mandated them to be more interactive with

1 the Commonwealth, more supportive of the Commonwealth's
2 governmental enterprises. They see this as an opportunity
3 to respond to that mandate.

4 The Council is zero. I mean, every one of the
5 people that is on that Council has a budget to travel.
6 There is no poor police chief who we are going to have to
7 pass the hat to buy a sandwich. Those are all big timers
8 and they have travel budgets and they can come there and
9 the Crime Commission is extant. It is the kind of thing
10 that should come within the ability of the Crime Commission.

11 The Goldstock thing is how big you start it
12 and what the cost, how much the grand jury is worth and
13 how big you staff it from the start.

14 One of the groups that is going to have a
15 problem, because it is going to be working out with the
16 State Police, you have heard from Ron Goldstock about his
17 cooperation with the State Police. At any time, Ron,
18 how many troopers have you had working with you at any
19 given time?

20 MR. GOLDSTOCK: About 90 troopers.

21 MR. REILLY: About 90 troopers and those weren't
22 in your budget. Those weren't in the budget. That six
23 million dollars did not include the New York state troopers
24 who were working on these organized crime cases. There
25 might be more impact in the State Police budget than in any

1 other budgets for these things combined to allow the State
2 Police to have the resources to be able to commit, you know,
3 allow them to get the rookies and to free up some of their
4 experienced investigators to be able to work these cases.

5 Let me finish one more. Hopefully, the monies
6 that are forfeited, if we have a third of the success that
7 Arizona has had, hopefully these monies that are forfeited
8 will tend to more than pay the cost of doing these things.

9 From the federal perspective, you told me that
10 the federal narcotics, the DEA is running at a profit.
11 The DEA is confiscating more money than it is spending.
12 The DEA has turned from a cost center to a profit center.
13 I don't know that this ever will, but I suspect that it
14 will come close to that if it does.

15 BY REPRESENTATIVE CALTAGIRONE: (To Mr. Reilly)

16 Q On a flow chart, who would answer to whom in
17 that organizational table? How would that interact?

18 A Again, this is one that I have to wear the tail
19 on the donkey. I said we always do these charts for the
20 organized crime family showing how they interrelate. Let's
21 do one for Pennsylvania. So what we did is put this thing
22 together just to show, this is not structured that a
23 hierarchy is the most important, least important dominant.
24 The Governor and the Attorney General would jointly appoint
25 the head of the Organized Crime Task Force. The blue are

1 the new things we have talked about. This, if we make
2 the institute part of the Crime Commission, it is subsume.

3 The State Police, of course, are responsible
4 to the Governor. The Commission on Crime and Delinquency
5 is responsible to the Governor, but the State Police are
6 also the fact of leadership. The district attorneys,
7 where they fit, the Pennsylvania Crime Commission, the
8 Organized Crime Task Force. Fundamentally, most people
9 stay where they are with the authority they have. The
10 way you get the State Police to cooperate with the Organized
11 Crime Task Force is by the Governor's support, which of
12 course is reflected in the support, his support will be
13 reflected in the support of the commissioner. But beyond
14 that, your ability to persuade the State Police if they
15 give you the wrong 90 troopers, God help you. I mean,
16 I was a Pittsburgh cop. I wasn't a state trooper, but I
17 could have given you 90 people that you needed a desk top
18 computer on each of them just to keep track of them. I
19 mean what you are going to need are some real crackerjack
20 people here. And we have them in the Pennsylvania State
21 Police. We have excellent investigators in the Pennsylvania
22 State Police available to do this work. And it has to be
23 those people to motivate them to want to be part of it.

24 Let me give you the contrast. I won't name
25 the town. But there are certain major cities in this

1 country where police are assigned to staff the district
2 attorney's office as the model also happens to happen in
3 New York and Philadelphia. And in some places, the people
4 who were sent to the DA's office are the people who don't
5 want to do a lot of heavy lifting, let's say. In New York,
6 that is a tremendous thing to have as a New York NYPD
7 detective to have been assigned to the district attorney's
8 office is a mark of distinction. It is something you want
9 on if you are going to be considered to be a borough
10 commander. Someday the fact that you worked on the DA's
11 squad is high praise indeed, given the right DA's office.
12 I am not talking about the Manhattan district attorney's
13 office. That is high praise indeed. We are going to
14 have to have that same thing here. The state troopers are
15 going to have to want to go to the inconvenience and the
16 extra work to take part in these enterprises. I think they
17 will. I think they will. I know enough troopers, I have
18 worked with enough troopers. If we can give them the
19 opportunity to do this, we will get excellent cooperation.
20 It will be a rough transition because going from the
21 wholly independent, you talk about institutions. Everybody
22 has a sense of perspective. I won't suggest that the
23 perspective of a Representative is two years and the
24 perspective of a Senator, I won't make that analogy. I
25 will make another analogy. The perspective of a DA is four

1 years. DAs tend to think, elected DAs tend to think
2 in four-year chunks. Troopers tend to think in 20-year
3 chunks. I mean, they tend to think, I am a cop. We do
4 it in the long run. When I came on, there was a big
5 reform in the Pittsburgh Police when I was there and Dave
6 Craig, a Commonwealth Court Judge, became the Public
7 Safety Director, and Dave started to make all kind of
8 changes. The old timers that were walking beats as I was
9 walking beats, and I have seen safety directors come and
10 I have safety directors go, and I am still walking Brookline
11 Boulevard and I am the police department on Brookline
12 Boulevard. And they were right. It is a different sense
13 of perspective.

14 What this hopefully will do, the task force
15 will take that long perspective because if you think cops
16 think in a long perspective, these families think exactly
17 the same way. These organized crime organizations are
18 not set up to do something between now and Christmas or
19 between now and the Fourth of July. They are set up,
20 they are institutionalized, they are ingrained, they are
21 incultured. We have to do the same thing.

22 REPRESENTATIVE CALTAGIRONE: Thank you.

23 CHAIRMAN DEWEESE: Chief Counsel, Mike Edmiston.

24 BY MR. EDMISTON: (To Mr. Reilly)

25 Q It is a question for both of you. The

1 evaluation, Mr. Goldstock mentioned it earlier. Your
2 written submittals in each instance mention it. My
3 recollection is that it would involve the Pennsylvania
4 Commission on Crime and Delinquency. Can you tell us how
5 at this early stage you envision that evaluation working?

6 A I think I can suggest that, Professor Rogovin
7 mentioned, Commissioner Rogovin mentioned, that the
8 Department of Justice half-funded a study on measures of
9 organized crime control which worked with New Jersey. New
10 Jersey gave it full cooperation. They postulated ways
11 to measure the effectiveness of organized crime control.
12 They never proved it was the problem. They wouldn't fund
13 it, the Federal Government wouldn't fund the second half
14 of the study to see if those measures proved correct.

15 I think you could take that study, which is a
16 federally funded, very significant, well-done study and
17 have an evaluator use the basis of that study working with
18 the Pennsylvania Commission on Crime and Delinquency to
19 then, as these new enterprises come up and work, to build
20 the data into the enterprise, the data collection into
21 the enterprise, so that that information would become
22 available.

23 Also, I learned something as a police
24 administrator in Pittsburgh, and that is, whatever we do
25 everybody has to agree it makes sense. I mean, when you

1 impose an evaluation, everybody has to understand what the
2 rules are and how many points you get for a field goal and
3 how many points you get for a touchdown and everybody has
4 to understand that. Or it's like trying to hold a meeting
5 without parliamentary procedure. You know, everybody has
6 a different idea about how things are done. I think it
7 should be in the beginning of these agencies. I think
8 the decision should be made about how they are to be
9 evaluated. They should know it going in so they are not mov-
10 ing in one direction and they are going to be evaluated
11 under another.

12 And these are not going to be radical changes.
13 And these are going to be sensible -- I think everybody
14 will agree that these are good measures of performance.
15 The work has been done. This isn't something that
16 Pennsylvania has to invent the wheel. The wheel is there.
17 We just have to prove it works.

18 Q In relation to that, when Mr. Goldstock was
19 responding to questions, in particular I believe they were
20 Mr. McHale's, Mr. Caltagirone's, regarding appearances
21 before the General Assembly and particular budget matters
22 and testimony there, how if at all do you see this
23 evaluative function as it has been suggested interfacing
24 with the Legislature?

25 A Well, had I, most of my friends historically in

1 the Legislature had our choices, we would continue the
2 trend which has emerged, which is letting the oversight
3 committees have more concern with input into the legislative
4 budgeting process. When the budget of the Crime Commission
5 comes forward to have the Judiciary Committee, which we
6 have our primary responsibility, I think the oversight of
7 our committee is fundamentally in the Judiciary Committees
8 of our Crime Commission. I think the information would come
9 back to the oversight committees and I would trust the
10 process of the oversight committees would then share whatever
11 they have learned or whatever their satisfaction or
12 dissatisfaction with the appropriate finance committee
13 or whatever committee had that responsibility at budget
14 time. I would think that we would probably, well, I have
15 my own personal prejudice. The Crime Commission has no
16 position on whether at budget time we should appear before
17 our oversight committee or whether we should appear before
18 the finance committee. That is the position of the
19 Legislature in its wisdom.

20 BY CHAIRMAN DEWEESE:

21 Q How about both?

22 A I am not taking a position on any of that.

23 Q I think I'm going to invite you, just the State
24 Police, the Attorney General, I think that's a good idea, not
25 just let Max Pievsky's folks talk to you alone. Maybe it

1 it would be a good idea for us to talk to you too.

2 A I always understood you folks were welcome
3 to come in when we appear before Mr. Pievsky.

4 Q I'm talking about focus on money vis-a-vis
5 operations.

6 A I'm smart enough to know the issues I shouldn't
7 get my tail tangled up. This is one of them.

8 CHAIRMAN DEWEESE: I was talking to Tom. I
9 think I would probably agree with you. I'm sorry, who
10 did I interrupt; Mike, I'm sorry.

11 BY CHAIRMAN DEWEESE: (To Mr. Reilly)

12 Q I just have one question. I'm going to ask
13 you and Mr. Goldstock to take a letter; one of my
14 colleagues is very interested in some anti-trust questions
15 and I want to get this up to a conclusion. Do you folks
16 think we need some anti-trust legislation on the books in
17 Pennsylvania?

18 A This is one where I cannot take a position.
19 The commissioners have never talked about that issue.
20 I'll tell you --

21 Q Vis-a-vis organized crime.

22 A The sense of the commisioners is yes, we do.
23 The sense of the commissioners is, yes, we do when we
24 have talked about it.

25 CHAIRMAN DEWEESE: Fred, a couple of my

1 colleagues are coming to me and talking to me about fighting
2 organized crime more effectively with anti-trust legislation.
3 I just want to be the beneficiary of your perspective.
4 Not today. I'm going to give you a letter today and ask
5 you to respond later on.

6 MR. MARTENS: I can relate back to New Jersey.
7 That is basically what they used in the sanitation industry
8 in New Jersey to attack the monopolization of that industry.
9 So it was used back there. Its effectiveness was
10 questionable.

11 CHAIRMAN DEWEESE: Thank you, gentlemen and
12 ladies for being here on behalf of Senator Greenleaf.
13 I would like to bring these proceedings to a closing.
14 We have come a long way from a couple of months ago when
15 we had our initial briefings. I think our knowledge has
16 been generally enhanced regarding what you have defined
17 as the problem. Our second step of a restep program will
18 be, naturally, to talk with other entities within the
19 law enforcement community; the Attorney General, the State
20 Police, the local district attorneys' groups, etc., and
21 then the third step, naturally, would be the drafting of
22 the legislative remedies. We will be working very closely
23 with you during these proceedings, and again on behalf
24 of Stewart and myself and the members of the Committee and
25 our very talented staff, thank you. This meeting is

1 adjourned.

2 (Whereupon at 2:45 p. m. the hearing was
3 adjourned.)

4 (Complete prepared testimony of Michael
5 J. Reilly was as follows:

6 "On behalf of the Crime Commission, I would like
7 to thank you again for the opportunity to testify
8 before this extraordinary Joint session of the
9 Judiciary Committees. As you know, the leadership
10 of both Committees played a critical role in
11 the development and passage of the historic
12 1978 legislation that advanced the ability of
13 the Commonwealth to address the problem of organized
14 crime. We are back today, almost a decade after,
15 seeking to keep pace with a rapidly changing
16 criminal environment. As your suggestion, the
17 Commission has developed a program for organized
18 crime control that will bring us into the 21st
19 century. It will give the citizens of Pennsylvania
20 the most comprehensive organized crime control
21 program anywhere in the country.

22 "In developing the recommendations that
23 I am about to address, we were concerned with
24 a variety of factors and interests that must
25 be realistically addressed in drafting the organized

1 crime control legislation. Clearly, the difficulty
2 in institutional realignment or change is a
3 very real concern. How can an organized crime
4 control system be protected from the vicissitude
5 of changing administrations while allowing it
6 to maintain a constant, planned, and flexible
7 approach to organized crime? What institutional
8 arrangement will be least threatening to the
9 district attorneys' interests, while ensuring
10 their full cooperation? How can the resources
11 of state government, including law enforcement,
12 and administrative and regulatory agencies,
13 be coordinated and strategically directed? What
14 mechanism exists or could be created that will
15 enhance and sharpen the investigative and prosecu-
16 torial skills of local and state law enforcement
17 in controlling organized crime? Since community
18 involvement is so critical to the containment
19 of organized crime, what mechanism can be used
20 to encourage community participation? Is there
21 a way to creat incentives for law enforcement
22 to cooperate and share information? What role,
23 if any, should intelligence play in our efforts
24 to control organized crime and how might that
25 be legislated? What alternatives to arrest

1 and prosecution exist, and are there more efficient
2 ways of controlling organized crime? And perhaps
3 most importantly, what evaluation measurements
4 can be developed and implemented to allow the
5 Commonwealth to evaluate the effectiveness of
6 this new institutional arrangement?

7 "Needless to say, these issues and concerns
8 can generate a variety of responses and conflicting
9 solutions. We have attempted to address all
10 of them in a way that minimizes the potential
11 institutional discord, while achieving the goals
12 of the program.

13 **"The Need for an Organized Crime Task Force**

14 In order to address what is often a systemic
15 problem, that is, one that ultimately consumes
16 the economic, social and political fabric of
17 the community, the state needs a concerted,
18 focused, and consistent commitment to organized
19 crime control. This form of criminality is
20 such that it requires a law enforcement response
21 that is proactive, not reactive. Criminal networks
22 must be sought out through intelligence programs,
23 and priorities must be developed taking into
24 account the seriousness of the problem. By
25 addressing organized crime in a proactive manner,

1 we can often prevent its more insidious and
2 debilitating effects from occurring. That is
3 why the Commission supports the creation of
4 an independent Task Force, the director of which
5 would be appointed jointly by the Governor and
6 Attorney General, and could only be removed
7 by both agreeing that his/her services were
8 no longer necessary. The Director could not
9 run for political office for at least two years
10 after his term of office ends and employees
11 would be required to maintain the same political
12 neutrality required of Crime Commission personnel.
13 The budget of the Task Force would be part of
14 the Governor's annual appropriation. This Task
15 Force would have the authority to use electronic
16 surveillance, witness immunity, investigating
17 grand juries, and civil and criminal forfeiture
18 provisions against organized crime. The Task
19 Force would be restricted from actually prosecuting
20 cases, unless requested by the respective District
21 Attorney and/or Attorney General. The Task Force
22 would employ attorneys, investigators, analysts,
23 accountants, and non-law enforcement personnel,
24 such as civilian electronic surveillance monitors.
25 The Task Force would be the primary organized

1 crime control agency for the state, and could
2 draw upon the resources of other state and local
3 regulatory and law enforcement agencies and
4 organizations. It would provide for cross-
5 designation of employees so as to enhance its
6 effectiveness as well as create a training school
7 for local law enforcement. It would integrate
8 the various law enforcement disciplines--attorn-
9 eys, analysts, accountants, and investigators--into
10 teams of organized crime control specialists.
11 And it would be permitted to investigate organized
12 crime throughout the state, seeking indictments
13 or presentments, as well as civil remedies.

14 "We believe that such an entity is needed
15 today. Organized crime control efforts can
16 no longer afford to limit itself to ad-hoc,
17 opportunistic enforcement. Systems must be
18 put in place that (1) define the seriousness
19 of the organized crime problem, (2) mobilize
20 available resources to address the problem,
21 (3) ascribe specific accountability, and (4)
22 demonstrates to society that organized crime
23 is not the "invisible government." It is with
24 these goals in mind that the Crime Commission
25 supports the creation of an Organized Crime

1 Task Force. Only by specifically dedicating
2 resources to the control of organized crime
3 will the Commonwealth, in time, develop a sophisticated,
4 coordinated, cohesive, and rational approach
5 to the control of this invidious and socially
6 destructive form of criminality.

7 ORGANIZED CRIME CONTROL COUNCIL

8 "To accent the problem of organized crime
9 in the Commonwealth and bring a modicum of rational
10 coordination to the allocation of resources,
11 the Commisison recommends the creation of an
12 Organized Crime Control Council. This would
13 be comprised of law enforcement officials (e.g.,
14 Attorney General, State Police Commissioner,
15 Chairman of the Pennsylvania Crime Commission,
16 3 district attorneys, 3 Police Chiefs, etc.)
17 who would meet at least quarterly to address
18 mutual issues regarding organized crime control.
19 The Pennsylvania Crime Commission, relying upon
20 its strategic intelligence capability, would
21 staff this Council. The Council would coordinate
22 the Commonwealth's organized crime control efforts.
23 It would also provide a list to the Governor
24 and the Attorney General of candidates for the
25 position of Director of the Organized Crime

1 Task Force. It would also allocate the funds of
2 the Organized Crime Control Trust Fund. In essence, it
3 would serve as a coordinating council based
4 upon its analysis of the organized crime problems
5 in the Commonwealth.

6 ORGANIZED CRIME CONTROL INSTITUTE

7 "Decision-making with respect to organized
8 crime control is a discipline that few law enforcement
9 officials have been properly or adequately prepared
10 for. For example, how would the Commonwealth
11 address the control of an industry by organized
12 crime, presuming of course, that such control
13 has been demonstrated to exist? How are resources
14 allocated? What techniques will be used? Civil
15 RICO? Witness immunity? Electronic surveillance?

16 What is it that we are seeking to accomplish?
17 And what effect will this have on (1) the problem
18 and (2) the industry? The decision-making processes
19 relative to organized crime control can not
20 be accomplished without having an understanding
21 and knowledge of the manner resources can be
22 used to address these systemic issues.

23 "Equally important, the Organized Crime
24 Control Institute would serve to develop and
25 maintain a cadre of organized crime control

1 specialists. It would, in effect, serve as
2 a training hospital for interns as well as career
3 specialists. Career training is essential to
4 developing and retaining personnel proficient
5 in organized crime control. For example, it
6 is important to understand the legal strategies
7 that are available when seeing a RICO forfeiture,
8 or any other forfeiture for that matter. Analytical
9 techniques that allow for the analysis of revenue
10 flows from illicit to licit businesses are important
11 when addressing money laundering. Investigative
12 strategies that focus upon the most vulnerable
13 elements of a criminal network can now be taught
14 in a scientific manner.

15 "By establishing the organized Crime Control
16 Institute, the Commonwealth of Pennsylvania
17 will be afforded an up-to-date, sophisticated
18 career development program that will enhance
19 its control strategies.

20 "Mr. Chairman, you have heard Vice Chairman
21 Rogovin discuss the substantive changes in the
22 law. Let me address several of the changes.

23 **Forfeiture Provisions**

24 "I personally believe that this change
25 will hit organized crime in its most vulnerable

1 spot: its economic base. Through forfeiture,
2 it is the criminal who pays for enforcement,
3 not the victim -- society.

4 Civil RICO

5 "Civil RICO is perhaps the most significant
6 change we can add to the "war against organized
7 crime." Again, it allows law enforcement to
8 address organized crime at its revenue-producing
9 points of vulnerability. If properly and narrowly
10 drafted, a Civil RICO law can have a devastating
11 effect on criminal syndicates.

12 Electronic Surveillance

13 "Electronic surveillance is the most effective
14 means of investigating organized crime. Only
15 through elaborate communication networks, can
16 criminal conspirators collaborate. We need
17 changes in our current law so as to maintain
18 pace with the changing world of organized crime.

19 To conduct any sophisticated organized crime
20 investigations, electronic surveillances must
21 be permitted to last more than 20 days. Organized
22 criminal behavior is a continuing criminal enterprise,
23 and often at the end of twenty days, law enforcement
24 is just obtaining the types of information that
25 will enable it to seriously disrupt the organiz-

1 ation. The experience of Federal authorities,
2 as well as those from other states, certainly
3 demonstrates this.

4 "The use of certified, non-law enforcement
5 monitors is another change the Commission is
6 recommending. We have found that the employment
7 of disabled people, performing a valuable law
8 enforcement function improves the quality of
9 the interception monitoring while freeing law
10 enforcement officers to pursue the active field
11 investigative inquiries that are developed in
12 an investigation.

13 **Criminal History Record Information**

14 "Currently, Pennsylvania law enforcement
15 is prohibited from computerizing textual data.
16 The computer is an instrument that is here to
17 stay. Business, industry, and even criminals
18 use it with increasing frequency. It can add
19 to the efficiency and effectiveness of an organiz-
20 ation, and allow for an orderly compilation
21 of seemingly disparate pieces of data. For
22 example, serial murders are prime candidates
23 for computer analysis. So are intricate consipir-
24 acies involving fraud and bankruptcy scams.
25 Network analysis, a computer-based analytical

1 technique, permits intelligence units to define
2 and identify points of vulnerability in criminal
3 syndicates. Cash-flow analysis, particularly
4 of large scale criminal organizations, can best
5 be accomplished with a computer. Similarly,
6 visual investigative analysis allows law enforce-
7 ment to order evidence, events, and activities
8 along a continuum that brings clarity and defin-
9 ition to what may have been seemingly unrelated
10 data. Today, this prohibition no longer repre-
11 sents reality. The commission recommends a
12 change in this law, allowing law enforcement
13 to store textual data in a computer.

14 Periodic Evaluation

15 "Essential to any new program to address
16 organized crime is the need for and utility
17 of incorporating and evaluation mandate in the
18 proposed legislation. As Director Martens pointed
19 out, we have accepted on faith alone, the goals
20 and objectives of organized crime control.
21 This has often led to programs going astray,
22 failing to accomplish what they should or could.
23 Sunset requirements are one form of evaluation,
24 but are clearly insufficient. Arrests are often
25 the only indicator that is used to determine

1 whether the goal of the organization is being
2 met. This measurement of effectiveness is only
3 partially relevant to determining effectiveness.
4 Other indicators, such as assets seized or forfeited,
5 the stature of the person arrested, the role
6 that he or she performed, its impact on destabilizing
7 the organization, the effect on availability
8 of the service or goods, are more relevant to
9 measuring whether this organization is accomplishing
10 what it should.

11 "The Crime Commission thus recommends that
12 the evaluation of the effectiveness of the proposed
13 new organized crime control programs be accomplished
14 under the auspices of the Pennsylvania Commission
15 on Crime and Delinquency, with the appointment
16 of a competent, qualified evaluator.

17 "In closing let me just say that the Legislature
18 is in a position to significantly enhance the
19 Commonwealth's efforts against organized crime.

20 The package you will put together and hopefully
21 pass in the Legislature, will bring the Common-
22 wealth's organized crime control efforts well
23 into the state-of-the art. The Commission encourages
24 you to proceed with due speed, analyzing and
25 drafting legislation that benefits the citizens

1 of this state.

2 "Thank you."

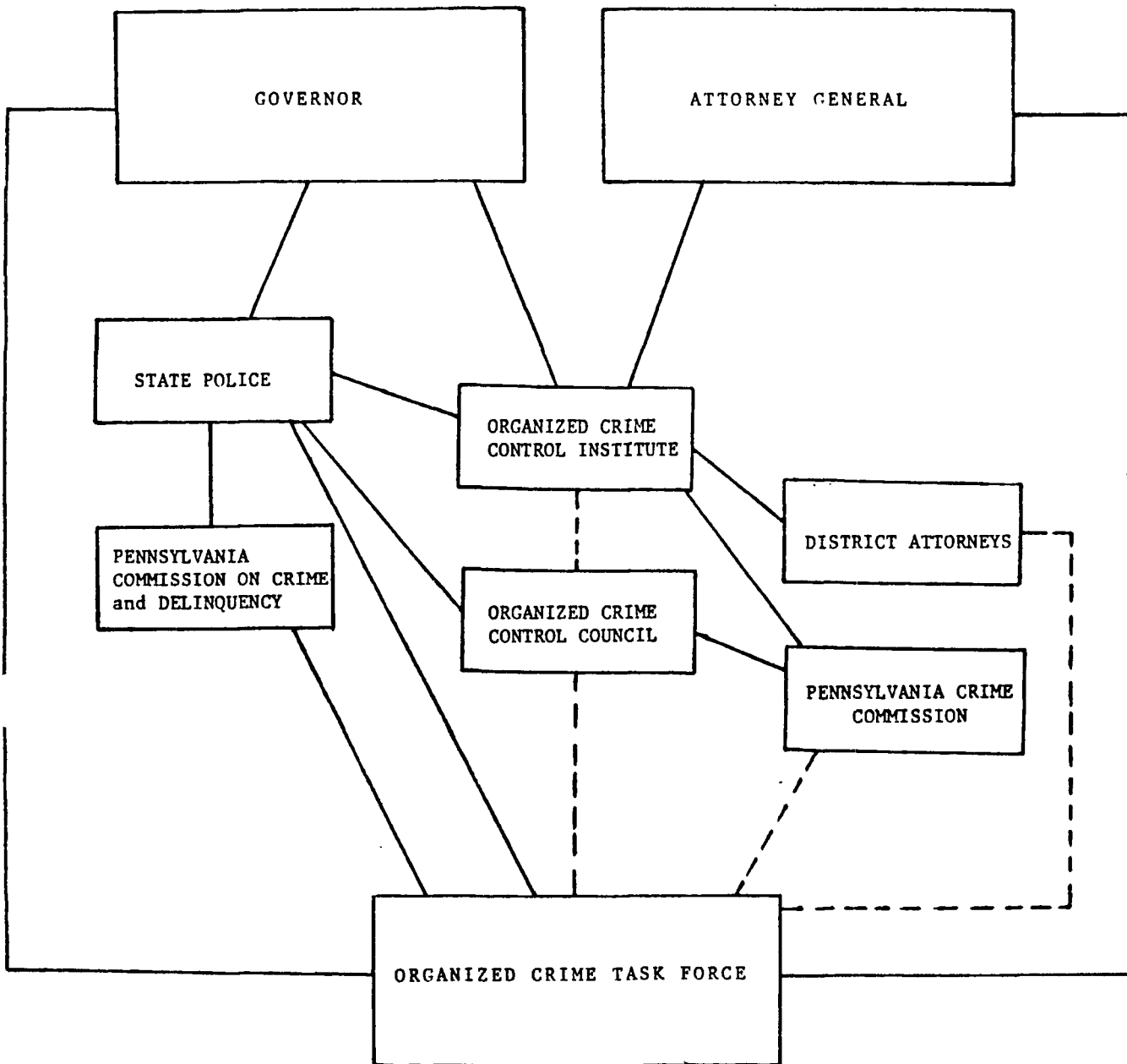
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4 I hereby certify that the proceedings
5 evidence taken by me in the within matter are fully
6 and accurately indicated in my notes and that this
7 is a true and correct transcript of the same.

8
9 *Dorothy M. Malone*

10 Dorothy M. Malone
11 Registered Professional Reporter
12 135 S. Landis Street
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ENHANCING ORGANIZED CRIME CONTROL EFFORTS
IN THE COMMONWEALTH



Source: Pennsylvania
Crime Commission

ORGANIZED CRIME CONTROL INITIATIVES

Statewide Organized Crime Task Force

Organized Crime Control Council

Organized Crime Control Institute

Criminal and Civil R.I.C.O.

Civil Forfeiture Enhancements

Electronic Surveillance Enhancements

Grand Jury Enhancements

Criminal History Record Information Revision

Evaluation Component

PENNSYLVANIA
ORGANIZED CRIME GROUPS

