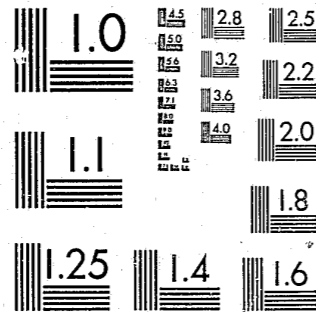


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1978 REPORT OF

ORGANIZED CRIME IN TEXAS



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TEXAS ORGANIZED CRIME PREVENTION COUNCIL

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TEXAS ORGANIZED CRIME PREVENTION COUNCIL'S

ANNUAL REPORT ON

ORGANIZED CRIME

1978

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WILLIAM P. CLEMENTS, JR.
GOVERNOR

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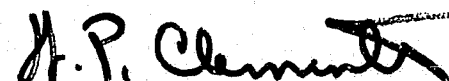
My Fellow Texans:

As our State continues to grow in population and wealth, the incidence of crime also increases. We have been fortunate in Texas to have excellent law enforcement officials who are dedicated to protecting the lives and property of our citizens. However, their efforts alone cannot result in a stabilization of the crime rate. It will take the concerted efforts of all our citizens if we are to win the war against this criminal menace.

This report of the Texas Organized Crime Prevention Council should not be perceived as an all-encompassing report of the organized criminal activity in our State. In fact, it presents only the tip of the iceberg. Organized criminals are most adept at avoiding detection, but the Organized Crime Prevention Council has firmly established their presence in Texas and projected the dire implications that these organized criminal activities hold for the people of Texas. It is my hope that this report will serve as a useful tool by which our law enforcement agencies can identify organized criminal activities and direct their efforts toward effectively combating this major problem.

Because of the scope and significance of organized crime in our State, and under my constitutional duty as chief enforcement officer, I have made the Organized Crime Prevention Council a part of the Governor's Office. I am also calling on all elected officials throughout Texas to join us in the continuing fight against these highly organized criminal elements which plague our State.

Sincerely,


William P. Clements, Jr.
Governor of Texas

TEXAS ORGANIZED CRIME PREVENTION COUNCIL

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ORGANIZED CRIME IN TEXAS

INTRODUCTION

Organized crime impacts all aspects of life within our country today. Its tentacles have expanded to the point that each individual in our State and country is daily affected by organized criminal activities either directly or indirectly. Because of this great challenge to our society, it is imperative that the criminal justice system develop techniques and strategies whereby organized criminal activities can be effectively curbed. The development of these strategies and their successful initiation will not cause any sudden diminution of organized crime. The process will require substantial amounts of money and manpower to be directed against this criminal menace and it will take the dedicated efforts of all aspects of government, business, and the private citizenry. However, it is believed that the war against organized crime can be successful.

An assessment of any problem is only as accurate as the information from which the assessment is drawn. In some problem areas data is readily available which is easily definable and accessible for analysis. However, because of the very nature of organized criminal activities, complete information cannot be obtained therefore making it almost impossible to draw a truly accurate picture of the extent of organized criminal activities in the State. In the analysis of organized crime activities occurring in Texas during 1978, the Council experienced similar difficulties as it had in prior years. Various activities which are commonly

defined as organized criminal activities in some instances did not conform to the various organized crime definitions which have been established in both the State Penal Code and the Federal statutes. The criminal activities which are expounded upon in this report deal with specific crimes which have in the past been identified with organized crime. Additionally, an analysis of white collar crime has been made because of its rapid growth in the State and because of its suspected links to organized criminals.

Currently there does not exist a sound data base by which all types of organized criminal activity in the State can be measured. Many law enforcement agencies have designed their criminal files to conform with uniform crime reporting procedures utilized in the State. Additionally, because of the operational fragmentation within the various law enforcement agencies, many agencies do not have any specific unit whose major emphasis is organized crime enforcement. The Council, realizing these data deficiencies, has attempted to provide the most accurate description of organized crime in the State as possible. Data sources include: the Uniform Crime Report of the Department of Public Safety, intelligence data obtained from the ten organized crime control units and the Department of Public Safety Intelligence Service; the Texas House of Representatives Select Committee on Child Pornography interim report; past Council reports; various newspaper reports; reports obtained from the Attorney General's Consumer Protection Division, from the Texas Security Board Enforcement Division, and from the Texas Department of Human Resources Enforcement Division; intelligence provided by the Federal Bureau of Investigation, the Drug Enforcement Administration, the U.S. Customs Service; and information provided by the National Auto Theft Bureau.

During the 1977 regular session of the State Legislature, the Organized Crime Control Bill was enacted which defined engaging in organized criminal activities as "a group of individuals, who with the intent to establish, maintain, or participate in a combination (five or more persons) or in the profits of a combination, commit or conspires to commit the following crimes: murder, capital murder, arson, aggravated robbery, robbery, burglary, theft, aggravated kidnapping, kidnapping, aggravated assault, forgery, any felony gambling offense, promotion of prostitution, aggravated promotion of prostitution, or compelling prostitution, the unlawful manufacture, transportation, repair, or sales of firearms or prohibited weapons, and the unlawful manufacture, delivery, dispensation, or distribution of a controlled substance or dangerous drug, or unlawful possession of a controlled substance or dangerous drug through forgery, fraud, misrepresentation, or deception." This statute provided the first comprehensive definition of organized crime in the State. However, in some instances organized criminal groups consisted of only three or four individuals and therefore did not come within the parameter of the organized crime statute. In other instances only two or three offenders of the criminal group were actually caught. The difficulty of determining if five or more individuals were involved in the apparent organized scheme has made measuring organized crime data solely by arrest information impractical.

In addition to organized criminal activities enumerated in this report, white collar crime activities have also been analyzed. Because of the substantial monetary drain to the Texas economy caused by white collar criminals, and because many times white collar crimes are perpetrated by members of organized crime rings, the Council believes that elaboration on this criminal activity is necessary at this time.

The following subsections will provide a summary of those illegal activities which are associated with organized criminal operations. For the purposes of this

report these offenses will be limited to illegal drug trafficking, gambling, fencing of stolen property, prostitution, pornography, organized auto theft rings, and white collar crime. In reviewing the data base used to analyze these crimes, the Council has concluded that estimates and projections are conservative in nature and probably serve as a base line to the true picture of these crimes. However, until a more suitable data collection system is developed, the information contained within this report must stand by itself.

NARCOTICS

The trafficking of narcotics and dangerous drugs into and through Texas is by far the most prevalent form of organized criminal activity in the State. According to available data, narcotics trafficking has steadily increased in Texas during the past seven years. Though trafficking styles and levels of drug purity have varied during the recent past, there is no evidence available to indicate that the use of narcotics and dangerous drugs in Texas has declined. Almost all available data does indicate however that personal and property crimes related to drug trafficking have significantly increased.

Because of the tremendous profits derived from the wholesale/retail trafficking of narcotics and the resulting costs in lives and property, this criminal activity is viewed by a majority of State and local law enforcement officials as the greatest single social problem existing in the State today. Its impact has been shown to be significant in that the Drug Abuse Prevention Division of the Texas Department of Community Affairs (TDCA/DAPD) reported an estimated 75,500 heroin addicts in Texas during 1978. The resulting criminal acts perpetrated by these

addicts to support their habit can not be accurately measured. However, many law enforcement officials believe that a significant amount of all property crimes are committed by drug users. Additionally, the TDCA/DAPD reported 406 drug overdose deaths in Texas during the same period. A breakdown of drug deaths by drug types follows:

| | |
|-------------------------|----|
| Anti-depressants | 52 |
| Barbiturates | 48 |
| Drugs/Alcohol | 60 |
| Inhalants | 8 |
| Miscellaneous Drugs | 30 |
| Miscellaneous Chemicals | 26 |
| Mixture of Drugs | 70 |
| Narcotics | 32 |
| Pain Killers | 33 |
| Stimulants | 3 |
| Tranquilizers | 23 |
| Unknown Drugs | 21 |

TOTAL DEATHS 406

The use of narcotics and dangerous drugs did not limit itself to any one particular segment of society. Its impact was felt in both rural and urban areas of Texas and penetrated all social and economic classes.

According to various intelligence reports, Texas has become, and will remain, a key transshipment area for international narcotics trafficking activities. This is to say simply that far more drugs are smuggled across Texas land and coastal borders than are ever consumed by the resident population. Once the drugs are brought into Texas, they are quickly shipped through established pipelines destined for major population centers in the midwest and eastern United States. Sufficient quantities are diverted to satisfy the needs of all major population centers within the State.

The traditional narcotics enforcement problem in Texas has always been containment of the narcotic flow across the 1,248-mile Texas/Mexico land border. The pressures against the border increased after 1972 and continued until 1976 as Mexican brown heroin sources rushed to fill the void caused by the virtual elimination of the Turkish white heroin problem. Simultaneously, the popularity and demand for Mexican marijuana increased. Mexican drug smuggling accelerated between 1973 and 1975 reaching a peak in early 1976. By this time, Mexican brown heroin and marijuana could be found in all parts of the United States. By mid-1976, the general availability and purity of wholesale brown heroin began to decline dramatically. This trend has continued to the present. Now seizures of wholesale heroin at the border are seldom more than ten percent in purity. This reduction in activity is attributed to a successful Mexican eradication program against opium and marijuana growing areas, improved enforcement and improved liaison between the Mexican Federal Judicial Police and their counterparts in the United States. An example of Texas' efforts to control the Mexican narcotics flow is the DPS Border Project. This project provided for a border narcotics task force stretching from Del Rio to Brownsville. This highly successful program culminated in the establishment of a permanent narcotics enforcement district in that region.

These factors coupled with a poor growing season in Mexico during most of 1978 accounted for less smuggling activity than in recent memory. However, knowledgeable enforcement personnel are predicting slight increases in brown heroin availability and purity during 1979 predicated on a good opium harvest. Though Texas is not the only State bordering Mexico which is utilized as a transshipment area for Mexican narcotics, it is considered by many veteran law enforcement officials as the most active. In a related Houston newspaper article dated

March 12, 1978, Peter B. Bensinger, Director of the Federal Drug Enforcement Administration, stated "We estimate that two out of every three kilos of heroin brought into the United States last year came through Texas. The infamous position Texas occupies is due largely to its meandering, difficult-to-patrol border with Mexico, whose poppy fields and clandestine heroin laboratories attributed to more than 85 percent of the heroin smuggled into this country."

Not only was brown heroin limited during 1978, but the traditional abundant supply and demand for Mexican marijuana was far below normal. Undoubtedly the 1978 paraquat scare and the increasing supply of the more preferred Columbian marijuana had a definite impact. Unfortunately the recent growing season in Mexico produced an excellent marijuana crop which is now reaching staging areas near the border in multi-ton quantities approaching those available in 1976/77. Whether or not the demand for Mexican marijuana will return to the levels of recent years remains to be seen. It does appear doubtful in light of the ton quantities of Columbian marijuana now reaching the Texas Gulf coast through the efforts of growing numbers of marine smuggling operations.

The upper two-thirds of the Texas coast, or basically an area from Corpus Christi to Port Arthur lends itself to the smugglers' needs. There are an abundance of remote areas offering good land/sea access and generally limited local enforcement. These conditions are becoming increasingly attractive to Florida-based violators who are moving into the Texas area to avoid enforcement pressures in other areas of the Gulf.

Though there are various types of marine smuggling techniques utilized along the Texas coast, one particular type demonstrates the magnitude of the maritime

trafficking problem. The use of large ocean going vessels, sometimes referred to as "mother-ships," has increased during the past several years. The "mother-ships" usually carry from 10 to 50 tons of marijuana from Columbia toward the Texas coast. These ships, which are typically old freighters with their holds loaded with marijuana and cocaine, then unload their illicit cargo onto smaller and much faster boats approximately 20 to 30 miles from the coast and allow these faster boats to "run" the contraband to the shoreline. Admiral John B. Hayes, Commandant of the United States Coast Guard, in a Houston newspaper report, stated that the Coast Guard alone had seized over \$1 billion worth of narcotics from marine vessels during 1978. These seizures ranged from a 15-ton seizure in Galveston to a 120-ton seizure in Florida.

These seaborne operations are also responsible for the introduction of significant quantities of cocaine. When coupled with the cocaine supplies reaching established Mexican land smuggling routes and air smuggling operations, it is relatively easy to understand how the increasing nationwide demand for this socially popular drug is met.

An increasingly popular narcotic trafficking technique being utilized in Texas is the use of aircraft in smuggling operations. Because of its geographical location, Texas is a favored re-entry corridor for air smugglers operating between Mexico and South America. This problem has reached significant proportions in recent years commensurate with the rise in popularity of marijuana and cocaine. The air smuggler is often a cavalier individual who fits the mold of the soldier of fortune in search of quick cash, thrills, and glamour. His aircraft is usually modern, fast and well equipped. He uses the most sophisticated radio and electronics gear available, frequently rivaling or surpassing systems available to

law enforcement. His airfields can be any convenient farm-to-market road, a clandestine or private airstrip, and his cargo distribution system is a model of speed and efficiency. Best estimates based on current intelligence indicate that this type of violator penetrates the border in secret on the average of 50 times in any 24-hour period.

It appears that air smuggling operations usually concentrate on the trafficking of marijuana and cocaine into the Texas area. Though a few instances have been reported involving heroin trafficking, these instances constituted only a small fraction of the air smuggling picture. The Greater Austin Area Organized Crime Control Unit reported no less than 150 planes in the Central Texas area alone involved in air smuggling operations. Additionally, this Unit reported that it had detected air traffickers in the Central Texas area who were transporting narcotics from Florida and Mississippi to the western area of the United States. This would indicate that Texas is not only an international air smuggling transshipment area for narcotics entering the United States from Mexico and South America, but also an interstate transshipment area for drugs trafficked between states.

Because of the many different types of trafficking techniques, the current level of smuggling at international airports within Texas is not viewed as overly significant at this time. The growth potential for this problem at both the Dallas/Ft. Worth Airport and the Houston Intercontinental Airport has been fully recognized, and these airports have detected an increase in seizures during the past several years. In October, 1978, Drug Enforcement Administration agents seized 26 pounds of cocaine at the Houston Intercontinental Airport. However, large airport seizures of this type were not common during 1978.

The Role of Organized Crime in Narcotics Trafficking. Because of the tremendous amount of profits derived from narcotics trafficking, it is believed that organized criminal groups are involved in this criminal activity. Though these groups are numerous and may consist of only a few members each, they are viewed as a part of a greater and more complex conspiracy. Because of the various types of drugs in demand and the numerous techniques which are utilized to smuggle these drugs, it appears that no one group of criminals has successfully monopolized the narcotics trafficking industry. However, available intelligence indicates that a large amount of the heroin brought into the United States from Mexico is being smuggled in by a relatively few well-organized crime families.

The Council believes that presently there exist several well-established organized crime families in Mexico which traffic a majority of all heroin in Texas. These organized crime families, often referred to as the "Mexican Mafia," are usually involved in all aspects of the heroin industry. This involvement extends from the actual procuring of the raw opium to the final distribution of heroin at the street level. The structure evolves around the family unit with blood relatives or very close associates supervising operations in the major metropolitan areas within the United States.

Because of these close family structures, it has been extremely difficult for law enforcement officials to penetrate these organized criminal groups. Additionally, those family members living in the United States often occupy lower level positions within the family structures while the family heads live deep in the interior of Mexico. However, increased enforcement activities by both Mexican Federal Judicial Police and United States law enforcement authorities have begun to cause

some impact on these organized crime families. An example of successful law enforcement efforts to combat these organized crime families was seen in the arrest of a major family head in October, 1978. This individual headed a major Mexican Mafia family which authorities believed to be the largest supplier of heroin to the United States. DEA officials believe that this organized crime family had trafficked approximately 3,000 pounds of pure heroin across the border annually. This major trafficker was arrested by Mexican authorities through joint efforts of the United States and Mexican governments.

The trafficking of cocaine and marijuana into the State does not appear to be as well organized and centralized as the heroin trafficking pattern. Because almost all cocaine and an increasing amount of marijuana consumed in Texas comes from Columbia, the trafficking techniques utilized to bring this contraband into the State are different from those techniques used to traffic heroin. Though cocaine and marijuana are land smuggled into Texas to some extent, a majority of these drugs are smuggled in by either air traffickers or maritime traffickers. There is no intelligence data available to indicate that these traffickers are members of any major organized crime family either domestic or foreign.

Though these smugglers are not considered members of any major organized crime family, their activities fall within the parameters of the Texas Organized Crime Control Act of 1977. Additionally, the amount of money expended to finance these operations indicates that the criminal act is more comprehensive in nature and requires numerous persons to perpetrate it. Because of these factors, the Council considers the activities of these smaller groups as organized criminal activities.

The Council did learn of a major cocaine trafficking network which had been operating in the El Paso area. This network consisted of the trafficking of cocaine from Columbia to El Paso and then to the Las Vegas, Nevada, area. The major principals in this operation consisted of business professionals and leaders in the community. At the present time the extent of this operation is not completely known because of pending investigations.

Law enforcement efforts to curb the flow of narcotics into and through the State are believed to have had a significant impact on the overall narcotics trafficking problem. During 1978, combined drug seizures from the Federal Drug Enforcement Administration, the Texas Department of Public Safety Narcotics Services, and the ten major organized crime units consisted of the following:

| | |
|-------------------------|-------------------------|
| Heroin | 3,502.78 oz. |
| Cocaine | 3,131.14 oz. |
| Marijuana | 378,325.25 lbs. |
| Other (Dosage units) | 16,656,628 dosage units |

The estimated street value of these seizures is well over \$100,000,000. Additionally, during 1978, State and local arrests for narcotic violations totaled 59,722. Though this is a slight decrease over 1977 arrest figures, the amounts of narcotics seized have doubled and in some areas have even tripled. Additionally, DEA reports that its arrests of major heroin traffickers within the State significantly increased over 1977.

The impact of these law enforcement efforts and those within Mexico has caused a significant decrease in the amount of heroin trafficked into the United States. Peter B. Bensinger, DEA Director, recently stated that preliminary figures for

1978 indicate the United States heroin supply has dropped well below 5 tons. This is a substantial decrease from the 5.5 tons of heroin which entered the United States in 1977. Bensingler also reported that the purity of retail heroin has dropped from 6.6% in March of 1976 to 3.5% during 1978.

Narcotic abuse and drug addiction has also resulted in a large number of property crimes perpetrated by addicts to support their habit. A recent Police Chief Magazine report stated that of those individuals arrested as a result of police anti-fencing burglary and theft programs (stings) during 1977 nationwide, approximately 47% were drug addicts. The Dallas Police Department indicates that over 80% of those violators arrested in anti-fencing operations in their city had prior arrests for drug violations. This evidence reconfirms the Council's position that drug addiction leads to other crimes and that these crimes are responsible for a substantial amount of property loss in Texas each year.

Projected Drug Trafficking. The preferred drugs of abuse in Texas during 1978 are listed in the following order:

- 1) marijuana
- 2) cocaine
- 3) methamphetamine
- 4) heroin

According to various intelligence reports and current drug use patterns, it is projected that these four drug categories will remain the preferred drugs for 1979. It is estimated that the dollar value of illicit drugs consumed in Texas during 1978 was approximately \$1.5 billion.

The most commonly used and readily available drug during 1978 continued to be marijuana. The use of marijuana has infiltrated every segment of the Texas

society. Traditionally this drug had been mainly in the major metropolitan areas. However, increasingly larger amounts of this drug have been detected in the less populated areas of the State. Arrests and intelligence information reveal that marijuana use among juveniles is present in almost all levels of public schools. It is no longer possible to characterize the marijuana abuser in terms of age, sex, or ethnic group.

Because of the major increase of air smuggling, cocaine is now available in all areas of the State. However, larger amounts of the drug, in wholesale quantities, are generally limited to major metropolitan centers such as Houston, Dallas, Austin, and San Antonio. The popularity and acceptance of cocaine is growing significantly within the State. However, because of the high cost of this drug and the short duration of its effectiveness, most abusers are classified as middle to upper socio-economic.

A major area of concern within the State has been the tremendous increase in the number of clandestine laboratories which make synthetic drugs such as methamphetamine, or speed, and PCP. Methamphetamine has continued to be a popular drug among younger white Texans. DEA and DPS intelligence have indicated large scale clandestine laboratories located within the Houston, Austin, and San Antonio triangle. Additional intelligence implies that several local organized crime groups may be operating several labs simultaneously.

The diversion of pharmaceutical drugs into illegal channels is also becoming a major law enforcement problem in the State. These drugs which consist of amphetamines, barbituates, and synthetic narcotics are diverted either by theft or fraud and are trafficked at street level. The inflated price of these drugs

at street level usually run at least ten-fold their regular prescription price. During 1978 a total of 2,075,373 dosage units of these pharmaceutical drugs were reported stolen in the State. It is believed that at least 50% of these drugs were trafficked at the street level while the remaining 50% were consumed by those individuals perpetrating the theft.

Heroin abuse and the abuse of other opium related drugs in Texas closely follow traditional national patterns. Available intelligence information indicates that the vast majority of addicts are still found among members of the black and Mexican lower income groups centered in major metropolitan areas. Exceptions to this general characterization are currently viewed as insignificant in terms of total population. Though nationwide the total amount of heroin entering the United States had decreased during 1978, it is anticipated that sufficient heroin quantities will be available to the Texas addict in 1979. This is due primarily to Texas' proximity to Mexico which supplies the majority of heroin in the United States.

The Texas Organized Crime Prevention Council anticipates that narcotics trafficking will continue to be the major organized criminal activity in the State. Though efforts are being made on both the Federal and State levels to more effectively control this problem, it is not anticipated that the problem will be resolved in the near future. Because of the vast amount of money to be made in narcotics trafficking and the growing demand for these drugs, organized criminal groups will continue to play an important role in narcotics trafficking. It is hoped that through increased Federal and international efforts, along with increased State and local narcotics suppression activities, that this problem will continue to decrease nationwide and more specifically in Texas.

GAMBLING

Because of its high profits and relatively low risks, gambling remains a major organized criminal activity in Texas. Available intelligence indicates that gambling activities have increased during 1978 and that gambling operations are located in both rural and metropolitan areas within the State. These gambling activities include sports wagering (bookmaking), numbers and lotteries, casino-type gambling, game-fight gambling, and bingo games sponsored by various organizations. Though monetary data is somewhat incomplete, it is believed that as much as \$1 billion is wagered annually in Texas on all types of gambling activities.

Though this amount may appear staggering, it is not unrealistic when compared to the number of individuals who gamble. It is believed that the amount of gambling in Texas does not significantly deviate from the national standard. The Commission on the Review of the National Policy Toward Gambling, in its report entitled Gambling in America, concluded that:

Gambling is inevitable. No matter what is said or done by advocates or opponents of gambling in all its various forms, it is an activity that is practiced, or tacitly endorsed, by a substantial majority of Americans.

The Commission also stated that as much as 60% of the total United States population annually wagers to some extent, and that almost 50% of the adult population patronize some form of legal or illegal commercial gambling on a regular basis. It is the opinion of the Texas Organized Crime Prevention Council that this trend holds true in Texas also.

Though there are numerous types of gambling activities in the State, the most prevalent form is sports wagering or bookmaking. This activity involves the placing of bets with a bookmaker, or "bookie," on sporting events. If the bettor

wins, the bookie will pay the amount wagered. However, if the bettor loses, he must pay the bookie the amount wagered plus an additional 10%. This 10%, or vigorish, is the profit margin on which the bookie operates. It also provides the vast profits which are sometimes used to finance other types of illegal activity. It is believed that some of these monies eventually go to the coffers of larger out-of-state bookmakers for "line" information and in the form of "lay off" bets.

In order to provide bookmaking services, a bookmaker must have a "line," a listing of point spreads, for athletic events on which his customers may wish to place bets. Sports fans can generally get a rough idea of the "line" by reading their local newspaper sports pages, or by going to the newsstand and buying copies of "sport service" publications. The authoritative "line," however, used by bookmakers to control what types of bets they will accept and to regulate "lay offs," generally originates out-of-state. These major line services usually come from Las Vegas, Los Angeles, or New Jersey. Other "lines" have been detected but are believed to be only middlemen passing the "line" information from previously stated locations.

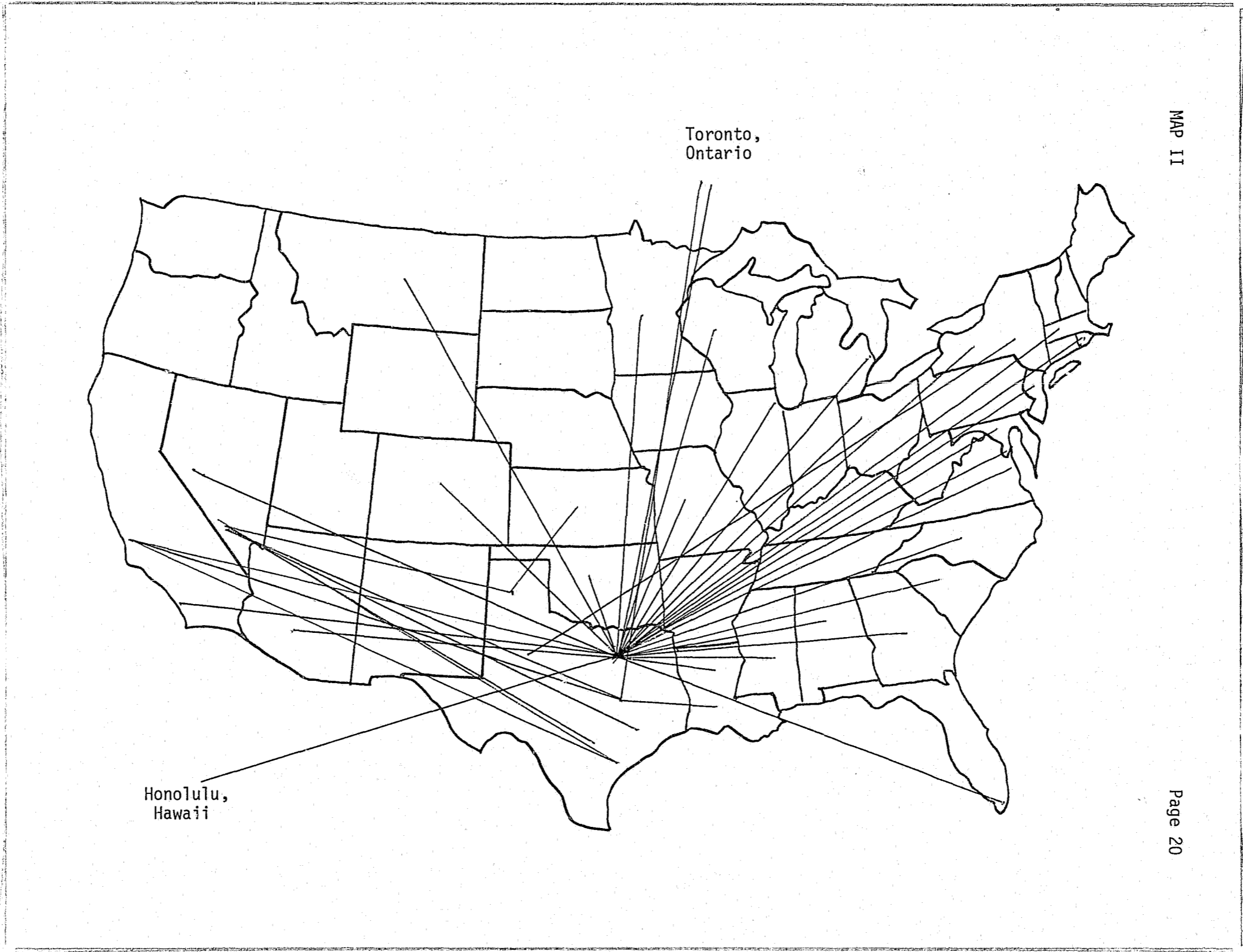
"Lay offs" occur when a bookmaker is experiencing one-sided betting, such as heavy betting of a local favorite team, and, in order to "balance his books," is forced to pass on unwanted bets to a bigger bookmaker who is willing to handle that action. It is not unusual to see bookmakers in opposing cities where athletic teams are scheduled to play, lay off bets between each other. Map I indicates the locations of toll calls placed by local bookmakers. It is believed that these calls were

placed with other bookmakers in order to "lay off" unwanted wagers. Map II indicates toll calls from known bookmakers in Texas to other states. These calls are believed to have been made to "lay off" even bigger bets or for acquiring the "line."

Usually, the line is provided without charge to lower echelon bookmakers with the expectation that the "courtesy" will be returned with lay off bets. In this manner, betting profits are channeled upwards through the same system through which the line information came...directly to those who ultimately control the line information. This in itself demonstrates the vast amount of organization and structure which exists in gambling.

Bookmaking activities have been detected in all areas of the State. However, the major concentration of bookmaking activities have generally been located in the metropolitan areas. This is to be expected because of the large numbers of people and the concentration of wealth in these areas. These areas have also drawn professional sports to the area which creates fan interest and generates additional gambling activities. Texas now boasts professional teams of football, baseball, and basketball which naturally attracts more bettors. Additionally, the strength of the Southwest Conference football teams in Texas has generated a great interest in collegiate sports and, in return, has caused a continued increase in gambling activity.

The dollar amount wagered on college and professional ballgames in these metropolitan areas is astronomical. Intelligence information indicates that on



MAP II

Page 20

Superbowl XII weekend, over \$50 million dollars was wagered in the Dallas area alone. Though this amount does not reflect the average amount wagered every weekend, it does reveal the magnitude of gambling activities in Texas.

A type of sports wagering which has increased in popularity in Texas is horse racing. Though parimutuel betting on horse racing currently is not present in Texas, several states surrounding Texas offer this type of gambling. These horse-tracks provide the sporting events for Texas gamblers. Current intelligence indicates that bookmaking activities on horse races has increased, especially in the Dallas and Houston areas. The Louisiana Downs racetrack has recently been completed and has already received action from Texas. The Greater Dallas Area Organized Crime Control Unit reports the availability of chartered buses and limousine services to this new track has created new players which has increased the betting in the Dallas area.

Another type of gambling activity which appears to be increasing is casino-type gambling. Casino-type gambling includes such card games as blackjack and other forms of poker as well as roulette tables, "craps" tables, and slot machines. Casino-type gambling has notably increased in the Houston, Dallas, Fort Worth, Amarillo, and Lubbock areas. It also appears that this type of gambling is becoming more and more prevalent in the lesser populated areas of the State.

It is believed that the major reason for the growth of casino-type gambling is the lack of enforcement of this gambling violation. Law enforcement officials have difficulty in penetrating these games and therefore are unable to enforce the gambling laws. This lack of penetration results from the very nature of this

gambling activity. These operations are usually run at a private residence or other non-public place. Players are thoroughly screened before they are allowed to play which virtually eliminates undercover law enforcement personnel being present when the gambling violation occurs. Though not all card games at private residences violate the State gambling statutes, casino-type gambling allows for the "house" to either receive a fee or a percentage of the wagers for conducting the game. These monies which are paid to the "house" are illegal and constitute a violation of current gambling laws. These monies are usually acquired by the "house" in the following manners:

- The "house," acting as the bank, will charge a 5% fee for all chips bought, or
- A flat charge, or entry fee, is paid to the "house" upon entering a game, or
- The "house" will take a percentage (usually 4%) of each pot.

These casino-type gambling operations usually involve groups ranging from 30 to 50 persons per night and usually change locations weekly.

Game-fight gambling also increased during 1978. The most prevalent types of game-fighting found in Texas are cock fighting and pit bulldog fighting. These "games" are usually operated in less populated areas because of the number of individuals attending these fights. Attendance figures average from 100 to 200 persons per fight. These games usually last anywhere from several hours to several days. Game-fighting activities have been noted in almost every area of Texas, with a major concentration in Central and East Texas.

Bingo has been prevalent within the State for many years. It has been utilized by many church and civic organizations as a means to generate money to be used for charitable causes. It has also been used by a few so-called

"non-profit" organizations to raise large sums of money which were to be given to charitable causes also. However, in these few instances the monies are diverted and never reach their declared destination. The technique utilized by several "non-profit" organizations is to charge an entry fee for each player. These fees can be as much as \$10 per person. From these gross profits, the "non-profit" organization is to give a percentage to a charitable cause. However, these organizations divert a majority of this money to compensate for over-inflated operating expenses and return only 1% to 2% of these monies to charitable causes. Thus, under the pretense of existing for charitable causes, these organizations are actually conducting an illegal gambling operation.

Law enforcement efforts to control illegal gambling have, in the past, been ineffective. This held true for 1978 also. Though reported gambling activities have increased during 1978, actual arrests for gambling violations decreased. Additionally, of those individuals arrested for gambling violations, less than 1% were for bookmaking activities. This ineffective enforcement is the result of several things. These include:

- The lack of adequate law enforcement tools to combat bookmaking activities. Bookmakers utilize telephone communications to receive bets, obtain the "line," and "lay off" bets. Because State and local law enforcement officers do not have electronic surveillance search warrants at their disposal, they cannot effectively combat bookmakers.
- Lenient punishment for major gambling offenders. The courts have consistently issued small fines and probated jail sentences for major gambling violators. Though these violators may have acquired tens of thousands of dollars from their gambling activities, they are usually fined less than \$1,000 upon conviction.
- Lack of adequate money and manpower. Because of the lack of money and personnel in most police agencies, little emphasis is placed on the enforcement of gambling violations.
- Willingness of citizenry to condone gambling. In order for law enforcement to have any major impact on a particular crime, the general

citizenry must demand that the crime not be tolerated. In gambling, a large number of citizens not only condone this activity, but freely participate in it.

If gambling is to be eventually controlled in Texas, more emphasis must be placed on enforcement of the gambling statutes. Additional studies must be made to determine the exact extent of this crime in Texas and a more detailed review made of the money flow generated by this offense. Until the Legislature, the criminal justice system, and the general citizenry take a more positive approach to gambling control, it will continue to remain a major organized criminal activity in the State.

FENCING OF STOLEN PROPERTY

The burglar or thief who steals merchandise does not automatically profit from his crime until that merchandise has been converted into cash or something else of value. The criminal cannot simply sell this stolen property outright because of the substantial risks of detection. He must therefore seek out someone who will purchase the merchandise regardless of the fact that it is stolen. The fence provides this outlet.

The most important link in the diversion of stolen property into illegal channels is the professional fence. The fence provides the criminal world with a means of quickly disposing of stolen property to avoid detection and apprehension, and also with a means of converting that stolen property into cash or other desired commodities. The fence's role in property crimes has historically taken a back seat to that of the burglar, thief, or robber. This appears logical since the burglar, thief, and robber perpetrate criminal acts which have a more direct and easier definable victim. This victimization factor causes greater publicity and in return causes

greater police reaction. However, without the services rendered by the fence, these criminal activities would almost disappear completely for lack of a ready market to accept the stolen property.

Law enforcement officials believe that fencing operations exist in almost all parts of the State though their operating techniques may differ from place to place. These same officials appear to be somewhat frustrated in their attempts to apprehend and prosecute fences because of the fence's operating styles and because of the public's patronization of these fences to obtain a "good" buy on merchandise. Additionally, prosecution may be hindered due to lack of evidence to substantiate the fact that the merchandise is actually stolen. Failure by owners to mark their property or record its serial numbers has caused many thieves and fences to avoid prosecution.

Fencing operations take many forms and vary from small time operators to professional fences who handle thousands of dollars worth of stolen merchandise daily. Many times the smaller fence will operate from a house or garage and handle only small, fast moving, merchandise. Larger fences may operate from larger warehouses, or actual businesses, which are used as "fronts" to hide their true purposes. The legitimate business "front" is very important to the fence, as it provides for easy storage and redistribution of stolen merchandise without raising undue suspicion. In some instances, fences will own and operate retail establishments which deal in items that are unable to be traced because of the item's very nature. Liquor, cigarettes, and meats are such commodities and are fenced through apparently legitimate bars and restaurants. These operations charge their customers standard prices which do not deviate from those of the competitors. However, the profit margins realized by these operations are tremendous when considering that

very few fences pay more than 20% of the market value of those stolen items which they buy.

Of the 718,082 reported crimes in Texas during 1978, 661,831 were crimes against property. This represents over 92% of the reported crime picture. These property crimes resulted in the reported loss of approximately \$418 million in stolen property. Only \$159 million worth of stolen property was recovered during the same period. This indicates that almost \$259 million in stolen property was either consumed by criminals or rechanneled--primarily through fencing operations--back into the economy.

Burglary, larceny/theft, and motor vehicle theft make up those crimes which are considered property crimes in Texas. During 1978, larceny/theft crimes were the greatest contributor to the total property crime index. During that year, 396,380 reported larceny theft offenses were reported by law enforcement agencies in Texas. These offenses resulted in a property loss of approximately \$104 million. These offenses included things such as shoplifting, theft from vehicles, theft from buildings, theft from coin operated machines, pick-pocketing and other crimes of thievery. The largest sub-category of larceny/thefts was theft of motor vehicle parts and accessories. These items included things such as hub caps, batteries, engine parts and other accessories which are usually not marked in any way and have a quick resale value.

The second largest property crime category is burglary. During 1978, almost 208,000 burglaries were reported to law enforcement agencies in Texas. This resulted in a property loss of over \$124 million. Though all items which were taken in burglaries cannot be fully enumerated, law enforcement officials agree that a majority of items stolen included fast resale property such as

jewelry, guns, television sets, household appliances and other small expensive items. These items are probably the easiest fenced items. As previously stated, because most property owners fail to either record their property's serial number or fail to mark their property with some identifiable number, successful prosecution of known burglars and fences has been critically hampered.

The third category, that of motor vehicle theft, has increased more rapidly than the previous two from 1977 to 1978. Motor vehicle thefts in the State have increased by over 13% during this period. Though motor vehicles have a faster and higher recovery rate than any other type of stolen property, both law enforcement and the insurance industry feel that this type of theft will continue to increase more substantially over the next year than that of burglary or larceny/theft. Due to the lengthy Texas-Mexico border, it is known that many stolen vehicles are transported into Mexico and sold for a relatively low price. Additionally, the existence of "chop shop" type operations in Texas has increased. This type of activity involves the stealing of a car and then salvaging parts from that vehicle. These parts are sold to repair shops at a substantial discount. Because these parts usually do not have any type of identifying number on them, they are virtually impossible to trace. This factor again hinders prosecution of known auto thieves and fences. Both law enforcement and the National Auto Theft Bureau have continued their efforts in attempting to curb this type of auto theft problem. However, it is feared by experts in this field that due to the complicated marking system, which must be initiated to alleviate this problem, little action will occur. Because of this, it is felt that "chop shop" type operations will continue to exist and the number of stolen vehicles will also increase.

During 1978, there were 1,563 arrests made for buying, receiving, or possessing stolen property in Texas. Though this represents a 13% increase over 1977, it is apparent that fencing operations are still relatively safe from criminal justice actions. Additional state laws have been enacted which have strengthened law enforcement efforts against fencing operations, but this too has not curbed the activities of the fence.

Law enforcement efforts to identify and apprehend known thieves and fences have greatly expanded during the past several years. One of the most innovative techniques developed by law enforcement agencies was that of the "sting" operation. This sting operation is a technique by which law enforcement sets up and operates its own fencing operation. Originally started in 1975 in Washington, D.C., there have been over 50 sting operations conducted in 24 states. These operations have recovered property valued at over \$117 million while expending less than \$4 million in purchasing these stolen items. The sting operation is probably one of the most cost effective programs ever initiated by law enforcement against property crimes. In Texas, there have been several major sting operations over the past several years. During 1978, three operations were conducted in Texas: by the Dallas Police Department, the Fort Worth Police Department, and the Corpus Christi Police Department. These operations recovered millions of dollars in stolen goods. Additionally, information was obtained through these operations which led to the clearing of other serious crimes.

Initially, "sting" operations were criticized for encouraging thefts and burglaries by providing another outlet for disposal of stolen property. However, an LEAA study conducted by the Westinghouse Corporation's National Issues Center

proved that the "stings" do not cause increases in crime, or lure normally law-abiding citizens into committing crimes. Law enforcement officials have reported, in fact, that property crimes decrease anywhere from 5% to 25% after "sting" operations close, usually because the thieves simply are unsure where they can safely market their merchandise.

Of those offenders who were handled in sting operations both in Texas and nationally, a substantial number were narcotic offenders. A recent Police Chief magazine report stated that of those individuals arrested as a result of police anti-fencing, or sting, programs during 1977 approximately 47% were drug addicts. The Dallas Police Department indicates that over 80% of those violators arrested in sting operations conducted in their city were either drug addicts or had prior arrests for drug violations. This information supports the Council's conclusion that narcotics and property crimes have a direct correlation.

The sting operations have proven very effective in the identification and apprehension of thieves, though its total impact on the overall crime picture is still somewhat unknown. In those cities which have conducted sting operations, a greater decrease in property crimes has been realized immediately after sting operations have been concluded. However, this rapid decline decreases substantially after several months.

Because of this immediate impact, the Council strongly suggests that additional sting operations be initiated in the State, and that in larger metropolitan areas, sting operations function on a continuous basis moving from location to location. The Council believes that if these operations are continued and increased, property crimes will significantly decrease.

PROSTITUTION

A crime which has historically been associated with organized crime is that of prostitution. Though this criminal activity has had organized crime links in the past, it is believed that present day prostitution is not necessarily associated with organized crime. Many law enforcement officials believe that prostitutes are presently operating as independents with only a small group associated with any type of organized criminal confederation. Major types of prostitution activities found in Texas include: streetwalking, call girl operations, established houses of prostitution, massage parlors, nude modeling studios, and a recent form known as conversation parlors. Though there is no current data which reflects the specific amount of money expended for prostitution activities, the Peat Marwick Mitchell & Company study, which was conducted in 1976, concludes that as much as \$137 million was spent annually in Texas for prostitution activities.

During 1978, prostitution activities were noted in almost all areas of the State. Though a majority of these activities were concentrated in major metropolitan areas, there were reported instances of prostitution activities in the more rural or less populated areas within the State. An example of how commercial prostitution has become established in the less populated areas can be seen in the June arrests, and convictions, of five men in Kerrville on prostitution related charges. The actual prostitutes involved in this case were two juvenile females, ages 13 and 16.

During 1978, there were a reported 5,133 arrests in Texas for prostitution and commercial vice. Though this is a decrease from 1977 arrest data, there is no

data available to indicate a decrease in prostitution activities in the State during 1978. Also during this time period, 3,109 prostitutes were identified as operating in Texas along with 609 procurers (pimps/madams). Intelligence information also reveals that during 1978 approximately 430 organized prostitution rings were identified which were actively functioning within the State.

One of the fastest growing techniques used by prostitutes in Texas to promote their operations is the use of a supposedly legitimate business to conceal their prostitution activities. As early as 1975, massage parlors had been utilized by prostitution rings to promote their activities. Though not all massage parlors are fronts for prostitution rings, the Greater Austin Area Organized Crime Control Unit estimates that as many as 80% of the massage parlors operating in that area are prostitution fronts. During 1977, the State Legislature authorized county governments to pass ordinances which would control massage parlor activities. Prior to this legislation, only municipalities had such ordinance power. Massage parlor operators, in an attempt to circumvent these controls, would simply move their operations outside of the cities into the county. The local municipal/county ordinances have had some effect on the activities of massage parlors and have made it more difficult for prostitution rings to operate from these establishments.

The effectiveness of these ordinances has also been circumvented with the establishment of nude modeling studios and conversation parlors. It has become apparent that as soon as a massage parlor became regulated under these local ordinances, the procurers would simply change the name of the establishment from a massage parlor to a nude modeling studio or conversation parlor. Because

of the simple name change, local massage parlor ordinances had no effect on these operations. Law enforcement officials have attempted to pressure nude modeling studios to curb prostitution activities in these businesses. However, a new twist to these establishments has recently been established. This new technique changes the name and activities of the business to conversation parlors. Conversation parlor operations involve the "customer" paying a set fee and then having a completely nude female sit and "talk" with him. This "talk" usually centers around a proposition for services to be rendered. The development of any law in an attempt to control this type of operation may be seriously hampered because of the constitutional freedoms granted in the First Amendment.

One of the oldest techniques of prostitution, that of streetwalking, is still prevalent in many Texas cities today. Though law enforcement agencies can readily identify local prostitutes who engage in streetwalking activities, many agencies experience an influx of out-of-town prostitutes in their cities at various times of the month and year. Circuits have been established whereby prostitutes travel from town to town in order to work special events or special periods in these cities. Almost all major metropolitan areas within the State during 1978 reported an influx of prostitutes during times of major sporting events, major conventions, and major recreational seasons. Those cities which have military posts either in their cities or nearby, note a substantial influx of prostitutes during military pay periods. An example of how these prostitutes travel to military posts on paydays can be seen at Fort Hood. Fort Hood is located near the city of Killeen, Texas. The Killeen Police Department reports that approximately 60 prostitutes work the streets during non-payday periods. That number grows to more than 100 every other weekend as many out-of-town prostitutes flock to Killeen for the military payday.

Though prostitution has been termed a victimless crime, and several studies have suggested that law enforcement place less emphasis in controlling this activity, it has been demonstrated many times over that other crimes such as property crimes and crimes of violence have been associated with prostitution activities. The Port of Houston Authority has recently identified known prostitutes operating organized burglary rings on ships docked in the Houston port. These burglary rings usually consist of three or four prostitutes who enter ships at night and burglarize the cabins of the crew and chief officers. The Port of Houston Authority reported that during a two-week period in the summer of 1978 about \$60,000 was taken from safes of three ships through this type of burglary ring. The Authority also reports thefts of foreign currency and narcotics which have been stored on these ships.

Because of these activities, and other activities associated with prostitution, it is believed that prostitution is directly connected with other organized criminal activities in the State. The Council supports law enforcement efforts in the vigorous enforcement of the prostitution statutes.

PORNOGRAPHY

It has become increasingly apparent nationwide that the pornography industry is being controlled by various aspects of syndicated crime which include the production and distribution of pornographic films and magazines along with ownership and management of adult theaters, adult bookstores and various arcades which display pornographic movies. This infiltration was first noted in a 1975 New York Times investigation. Since that time both federal and state law enforcement officials have indicated that commercialized distribution of

pornographic material is virtually controlled by a small group of corporations throughout the United States. The result of this infiltration has been the further extension nationwide of the corrupting influence of organized crime on our society.

The pornography industry continues to flourish in Texas and has become a major community concern in most areas. Printed materials such as books, magazines, and photographs are the most common form of pornography distributed. Other forms of pornography include pornographic movies and sexual paraphernalia. Though there is no data available which conclusively shows the amount of pornography consumed in the State nor the amount of money spent on pornographic related activities, the PMM & Co. study, which was conducted during 1976, concludes that as much as \$42 million is spent annually in Texas on this criminal activity.

During 1978, a comprehensive study was conducted by the House of Representatives Select Committee on Child Pornography considering aspects of child pornography in Texas. Though this study was primarily aimed at pornography involving minors, the research which went into that report covered almost all aspects of the pornographic industry. The House Committee's report concluded that there were at least 300 major outlets for pornographic material in the State. This data has been confirmed through various intelligence reports from law enforcement agencies within the State. The Council believes that the extent of the pornographic industry in Texas has not fully been realized and that its impact upon the Texas people is far greater than available data has shown. The Council's conclusion is based upon the various ways pornography is distributed and made available to the general population. Though there are over 300 outlets for commercial pornography in the State, a large majority of pornography consumed

by the Texas public is obtained through mail order type establishments. These mail order type establishments are usually located outside the State with advertisements in various adult magazines. An example of the extensiveness of the mail order pornography industry can be seen in a criminal case filed against a major pornography distributor in Los Angeles, California. Mechanical difficulties with a computer during the shipping stages of pornography by this company resulted in a printout list of 3,000 customer names. Of those names, 1,400 were Texans from cities across the State. Because most magazines and pictures which are ordered through the mail order service are shipped first class, the U.S. Post Office does not interdict the shipping of this merchandise.

During 1978, the Department of Public Safety indicated that there were at least 34 organizations which were actively distributing various types of pornographic material in the State. These organizations included 12 in-state organizations and 22 out-of-state organizations. Additionally, intelligence information reveals that over 175 individuals were identified in the State who actively distribute this pornography to these various organizations.

The pornography distribution routes in Texas appear to center around Houston. It is believed by many law enforcement officials and concluded in the House Committee's report that Houston has become the center for distribution of pornography for both in-state organizations and also out-of-state and international organizations. This has been substantiated in numerous cases which involve defendants from other cities who were charged with pornography violations. A majority of those defendants claim that they either purchased or picked up the pornographic material which they distributed from Houston. Additionally, the

Cameron County Organized Crime Control Unit has reported that almost all of the pornography in the South Texas area originated from Houston.

Besides that pornography which originates in Texas and other states, large amounts of pornography are shipped into the State from international origins. Presently there are 300 ports of entry in the United States. Two of these ports of entry are located in Texas. The two foreign mail branches of the U.S. Customs in Texas are located in Houston and Dallas, both of which are under the Houston district. The House Committee's report indicated that U.S. Customs began to detect a surge of pornography arriving in the Houston port shortly after the Coral-Henley mass murders in Houston. This pornography appears to have been routed through Sweden and Copenhagen and was arriving in Houston on KLM flights from Amsterdam. U.S. Customs advised the House Committee that a majority of this pornography was child pornography. U.S. Customs has the responsibility of interdicting any type of hard core pornography which enters the United States. During the period from October 1, 1977, through August 1, 1978, the Houston Customs office interdicted the following pornographic material:

| | |
|---|---------------------------|
| Child Pornography including incest | 178 magazines 25 films |
| Non-child pornography (including homosexual and animal) | 53 magazines 2 films |
| Advertising, all types | 269 pieces |

The last major commercial pornography case prosecuted in this State involved a pornography distribution network based in Houston. This case involved the production of obscene films and other materials in Houston, and the sale of these materials through the mail using addresses in New York and California. The majority of the materials in question were of homosexual nature and local Houston residents, including several young teen-aged boys, were used as actors. This case resulted in an initial seizure of 4 1/2 tons of pornographic materials and

equipment. Later, two additional tons were seized by the Houston Police Department. This resulted in a total seizure of 6 1/2 tons of both adult and child pornography in this one particular case. This organized crime operation recruited boys from the Houston area and paid them to perform homosexual acts with each other and with adults. Movie film and still photos were taken of the sexual acts. Advertisements for the products were placed in sexually oriented magazines with requests for merchandise being sent to a New York and California address. Requests were then mailed from these addresses to Houston where orders were filled showing a return address of either of the two cities where requests were originally received.

Law enforcement efforts to control pornography activities in the State have been severely hampered in the past. Court decisions relating to the Texas obscenity statutes have virtually rendered the State statute useless for effective prosecutions. The most effective impact on pornographic establishments has been the use of city ordinances which regulate the location of these establishments. This is indicated by arrests made by the Dallas Police Department. During 1978 the Dallas Police Department Vice Squad made a total of 1,602 arrests for pornography violations. Of this number, 1,489 of these arrests were for violation of city ordinances. Additionally, law enforcement efforts have been hampered by the very nature of the production of pornographic materials. Very seldom are commercial movie studios utilized to produce pornographic movies. In a vast majority of the cases, either private residences or hotel rooms have been the scene for the making of pornographic movies. Because these movies can be made in a very short time and because the locations of the movie making change continuously, law enforcement efforts to raid these types of operations is almost impossible.

One technique which has been utilized increasingly in the State to control establishments which sell pornographic material is the use of civil remedies. Civil injunctions have been filed against various pornographic establishments within the State which petition the Court to impose a permanent injunction against these establishments on the basis of public nuisance. It appears that this type of remedy has had greater success in controlling established pornographic operations than any type of criminal action. However, the use of civil remedies has virtually no impact on the mail order shipping of pornography, either in-state or interstate.

Because of the moral decay which results from the consumption of large amounts of pornography in the State, the Council wholeheartedly supports law enforcement efforts to control these criminal activities. It is recommended that the use of civil remedies in controlling pornographic establishments be utilized to a greater extent in the future. Additionally, it is recommended that the State develop better cooperation between the various law enforcement agencies at the federal level and with other states in an attempt to curb the shipping of pornography into and out of Texas. Because of the new federal child pornography law which was established in 1978, it is becoming apparent that both the federal and state governments are attempting to control this type of criminal activity. Cooperation is absolutely necessary for these agencies to have any sufficient impact on this criminal activity.

ORGANIZED VEHICLE THEFT RINGS

One of the fastest growing property crimes in the State is that of motor vehicle theft. Historically this crime has received little attention in its relationship

to organized criminal activity. However, it is believed that organized rings are involved in vehicle theft activities as evidenced by current recovery rates. Because of this factor, this criminal activity deserves mention in this report.

In the past, motor vehicle theft was usually associated with joy riding activities. This was indicated by the large stolen vehicle recovery rate by local agencies in the past. However, these recovery rates have changed drastically over the past ten years. In 1967, 86% of those vehicles stolen locally were recovered locally. Additionally, when the vehicles were recovered, they were intact which indicated that those individuals who stole the vehicles were usually joy riders. In 1977, statistics indicate that the recovery rate had dropped to 70%. The 1978 data reveals that again 70% of the motor vehicles stolen were recovered by either local or State police. Additionally, during the past several years when vehicles had been recovered, only the frame, the engine, and the transmission were recovered. All other parts had been stripped from the vehicle and it is suspected that these parts were resold, or fenced, to body shops. The parts which were salvaged from these stolen vehicles usually had no identifying numbers on the parts therefore it made it almost impossible for law enforcement officials to recover and return the stolen parts to their rightful owners.

Because of Texas' location adjacent to Mexico, vehicle theft rings in the past had usually transported stolen vehicles across the border and sold them in Mexico. In 1975, C.C. Benson, Regional Manager for the National Auto Theft Bureau, stated that one of every four vehicles stolen that year in Texas was transported into Mexico for resale. The average resale of these vehicles was from \$200 to \$600. There is no data available which indicates that this trend has decreased.

However, in the recent past, law enforcement officials have detected a growing number of so called "chop shop" operations. These "chop shop" operations function by stripping a vehicle of its salvageable parts and reselling them to body shops. The cost of these stolen items is substantially less than that of a legitimately purchased part and therefore the temptations to the body shop operators have been significant. This significant discount was noted in a 1978 newspaper article which stated that a brand new 1975 Chevrolet Monte Carlo frontend section cost approximately \$1,607. If a body shop operator would have legitimately purchased a used frontend section, he would have paid approximately \$1,290. "Chop shop" operators would have sold this same part to body shop operators for \$690 to \$890. Because there is no identifiable number to indicate ownership on most salvageable parts, the body shop operator could purchase this part from "chop shop" operators and still charge the customer for the cost of a legitimately purchased part. It is obvious why "chop shop" operations have been so successful in this State and nationwide.

In November, 1978, the State and local authorities raided a "chop shop" operation which operated in the San Antonio area. This operation, which was determined by many law enforcement officers as one of the largest "chop shop" operations in the State, concluded with the arrest of 11 persons. State auto theft authorities indicated that the loss to citizens by this ring alone amounted to hundreds of thousands of dollars.

Another "chop shop" operation was detected in the Dallas/Fort Worth area in September of 1978. This ring, which consisted of three local auto thieves from the Garland area working with two auto repair firms, resulted in the confiscation of four stolen cars valued at \$40,000 and a substantial amount of

stolen auto parts. Law enforcement officials, who were involved in this case, indicated that this ring was simply a part of another major auto theft ring which operated in the North Texas/Oklahoma area.

The Nueces County Organized Crime Control Unit, in conjunction with the Department of Public Safety, raided a suspected auto theft ring in May, 1978, which resulted in the initial arrest of two Corpus Christi men and a confiscation of thousands of dollars worth of motor vehicles and vehicle parts. These motor vehicle parts confiscated included fenders, tires, frontend assemblies, parts for four complete automobiles, and other accessories.

Organized vehicle theft rings' impact on Texas and the United States has caused a substantial monetary drain to our economy. Recent figures indicate that nationally as much as \$4 billion is lost to these organized rings annually. This cost includes not only the stolen vehicle but also insurance monies used to replace stolen automobiles. The National Auto Theft Bureau indicates that "chop shop" operations have been established in almost all parts of the country. These "chop shop" operations usually use apparently legitimate body shops to strip the vehicles and then fence this merchandise through various used car part dealerships. The Department of Public Safety indicates that at least 159 organized vehicle theft rings are present in the State. The operations include three or more individuals per ring.

As can be seen, vehicle theft is becoming a major organized criminal activity within the State. The Council recommends that a more coordinated effort be taken among local, State and federal officials in an attempt to more effectively identify auto theft rings and combine resources to combat these activities. Additionally,

the Council urges continued public education programs such as the joint vehicle theft campaign sponsored by the Texas Department of Public Safety, the National Auto Theft Bureau, and the Texas Crime Prevention Institute. These campaigns are directed at increased citizen involvement in preventing vehicle thefts in the State.

WHITE COLLAR CRIME

When attempting to define those set of crimes which are considered organized crime, one realizes almost immediately that not all crimes fit within a well defined category. Some crimes are considered organized crime simply because of the number of offenders which are involved in a particular criminal act. Other crimes fit within this category because of their monetary impact or because of the very nature of the criminal activity. White collar crimes deserve mention in this report because of their considerable money drain to the Texas economy. Additionally, many white collar crimes are committed by members of organized criminal groups acting either alone or in conjunction with other members of these criminal confederations.

When approaching the topic of white collar crime, it can be seen almost immediately that the term "white collar crime" is actually a misnomer for the type of crimes which fit within this category. The major reason why this type of crime has carried the name of white collar crime is that those who have researched these particular acts found that the characteristics of the crime required a greater degree of sophistication and knowledge as compared to "regular" crime. The actual phrase "white collar crime" was derived from the studies of Edwin H. Sutherland, a noted criminologist and sociologist, whose initial efforts in this

area culminated in his book entitled, "White Collar Crime," (New York; Dryden Press, 1949). Through this and other studies, Sutherland coined the phrase "white collar crime." His title has ultimately remained with these types of criminal acts until the present.

During the immediate past, there has been a major trend in both the State and federal governments to deviate from Sutherland's title and substitute the title of "economic crime." The purpose of this deviation is to develop a title which would generally describe the characteristics of the crime rather than the social class which commits the crimes. This reidentification is significant in that it removes the stigma of these crimes being committed by any one particular social class or socioeconomic group.

Basically, the definition of economic crime can be derived by describing its relationship with other crimes. Economic crimes are characterized by acts of fraud, embezzlement, deceit, stock manipulation, misrepresentation, and other nonviolent acts. Its major difference from other crimes lies in the fact that economic crime victims usually willingly agree to participate in the scheme without the knowledge that a crime is being committed. Another major characteristic of economic crime is that in most cases there is no violent act committed against the victim. The use of deceit, misrepresentation, and deceptive practices is almost always present. Therefore, a comprehensive definition of white collar crime is as follows:

...an illegal act or series of illegal acts committed by nonphysical means and by concealment or guile, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage.

Usually, economic crimes are initiated by persons preying on either the victim's greed; the victim's lack of knowledge; the victim's trust; or the victim's desire to make a substantial amount of money in a short period of time or to purchase services at a substantial discount. Because of the fact that the victims eventually realize that they have been defrauded through either their greediness, lack of knowledge, or because of their trust, they are somewhat hesitant to report this type of crime to law enforcement agencies. The victims also fear that since they have voluntarily entered into a transaction which later has been identified as fraudulent, there is basically no legal recourse to take against the criminal violator.

Because of the large amount of nonreporting of this crime, it would be difficult, if not impossible, to accurately describe the extent of economic crime in Texas. The United States Chamber of Commerce estimated that during 1977 over \$40 billion was lost to this type of crime. Utilizing population and economic factors, it is estimated that Texas' share of this type of crime is approximately \$2.3 billion. Utilizing this figure, it can be seen that only a minor percentage of economic crime which occurs within the State is reported.

Types and Characteristics of Economic Crime. Because of the basic characteristics of economic crime, the different types of acts utilizing these characteristics are infinite. Therefore, any attempt to list all types of economic crime would be futile. However, through the analysis of the characteristics which comprise this crime, parameters can be established by which law enforcement officers can determine if a particular act falls within this crime category. The five basic elements of economic crimes have been described as follows:

1. Intent - There must be intent to commit a wrongful act or to achieve a purpose inconsistent with the law or public policy.
2. Disguise - The principal will disguise the true purpose of his actions to intentionally deceive the victim.
3. Reliance - The principal relies on the ignorance or carelessness of the victim.
4. Voluntary Victim Action - The victim is usually persuaded to voluntarily participate and assist the offender.
5. Concealment - In all economic crime cases, concealment of the violation is essential to avoid detection and eventual prosecution.

Utilizing these basic characteristics, the major types of economic crime schemes are as follows: Advance fee schemes; pyramid schemes¹; chain referral schemes²; Ponzi schemes³; business opportunity schemes; planned bankruptcy schemes; merchandising schemes; service and repair schemes; land schemes; home improvement, debt consolidation and mortgage loan schemes; home solicitation schemes; personal improvement schemes; frauds against government programs; official corruption; bid-rigging; commercial bribery; insurance fraud; computer related frauds; credit card frauds; charity frauds; and check kiting. Though this listing is certainly not all inclusive, it depicts the major economic crime schemes identified nationwide.

¹A pyramid scheme is an investment fraud in which an individual is offered a distributorship or franchise to market a particular product with the option of selling additional franchises. The promoter of a pyramid scheme represents that the marketing of the product will result in profits; however, he emphasizes the potentially quicker return on investment by the sale of franchises.

²A chain referral scheme is a fraud involving sales of grossly overpriced products through false representations that the cost will be recovered by commissions the promoter will pay on sales made to the purchaser's friends, if only the purchaser will permit them to be contacted with the same proposition.

³A Ponzi scheme is an investment fraud involving the ponzi operator soliciting investors in a business venture, promising high financial returns or dividends in a very short period of time. The ponzi operator never actually invests that money in anything and eventually absconds with the money.

Though the types of schemes listed have been detected in Texas in the past, efforts to analyze each scheme will not be made at this time. Those crimes which will be analyzed in this report will be limited to only the most prevalent types, and include:

1. Securities Frauds
2. Bank Embezzlement Frauds
3. Welfare Frauds
4. Insurance Frauds (arson)
5. Major Consumer Frauds

Securities Frauds. The fraudulent sale of securities has increased within the State over the past several years. This type of activity includes the sale of securities in companies which are, by their own nature and origin, fraudulent and deceptive; and the sale of unregistered stocks. The major law which protects investors from "fly-by-night" promoters of various enterprises is the Texas Security Act. This Act requires that any company which sells part ownership or stocks to 35 or more investors must register that company, its stock, and the promoters of those stocks, to the Texas Securities Board. Violations of this Act specify both civil and criminal relief for victims. The Texas Securities Board is charged with the responsibility for investigating violations of this Act.

The major types of securities frauds which have been identified in the State over the past several years have been:

1. Sale of fraudulent Schedule "D" stock (Oil and gas drilling promotions)
2. Sale of bank stocks (Texas "Rent-A-Bank" Scheme)
3. Large consumer frauds

Though there are no monetary figures available to determine the exact losses in money in these security frauds within the State, these losses are estimated to be millions of dollars.

The fraudulent sale of stocks identified as Schedule "D" stocks is related to the oil and gas industry. Fraudulent stocks basically appear where individuals sell to victims stocks of oil and gas wells which either ceased to produce or never produced at all. In some cases, stocks have been sold to investors which describe an oil and gas field that will produce tremendous quantities of fuel. However, no scientific data had been developed to show that gas or oil deposits existed.

The Texas "Rent-A-Bank" schemes involve the purchasing and takeover of banks without the outlay of any revenue. The operation consists of the identification of stockholders of a particular bank who are willing to sell their stock. The principals would then take this stock, which was to be sold, and use it as collateral to borrow money from other banks to purchase these same stocks. As can be seen, through the use of stocks as collateral to acquire money to actually purchase the collateral, control of a banking institution could occur without any original capital.

During the period between September 1, 1977 and August 31, 1978, the Texas Securities Board, in conjunction with local District Attorneys across the State, returned 70 indictments for securities fraud. These indictments were returned against 27 individual defendants.

Bank Embezzlement Frauds. Texas is ranked third in the nation in regard to the number of banking frauds and embezzlements identified by the Federal Bureau of Investigation. These types of frauds include three types of banking institutions:

1. Banks
2. Savings and Loans
3. Credit Unions

During the time period of January 1 through June 30, 1978, there were a total of 2,941 fraud cases detected in the United States. Of these, 2,508 involved banks, 273 involved savings and loans, and 160 involved credit unions.

Texas reported a total of 200 frauds and embezzlements in banking institutions during this period. A breakdown of these acts include 176 involving banks, 13 involving savings and loans, and 11 involving credit unions.

The F.B.I. has identified basically two trends within this type of fraud. The first trend is known as internal acts. These crimes are initiated by individuals who work in the institution which is defrauded. Nationwide, 82% of all banking frauds were attributed to internal acts.

The second trend is known as external acts. These involve perpetrators who do not work in the institution which is defrauded. Approximately 18% of the banking frauds nationwide have been attributed to external acts. The F.B.I. has identified 25% of all banking frauds nationwide to have involved both internal and external perpetrators. This combination indicates that conspiracy was involved in these cases. A total amount of \$46,894,768 was defrauded through these frauds. The F.B.I. reports 527 arrests nationwide for banking frauds.

Because of Texas' location in the Sun Belt and because of the vast amounts of monies and resources which are located within the State, it is predicted that banking frauds and embezzlements will increase tremendously during the years to come. Though specific cases that are known cannot provide conclusive data on the amount of banking frauds within the State, they can serve as an indicator in the development of a more accurate picture of major banking frauds within the State.

Welfare Frauds. All State and federal welfare funds which are dispensed within Texas are distributed by the Texas Department of Human Resources (TDHR). The investigation of welfare fraud falls within the jurisdiction of the Investigation Division of the TDHR. The TDHR has identified two basic types of welfare fraud:

1. Food stamp fraud cases
2. Aid to families with dependent children (AFDC) fraud cases

In both of these types of welfare fraud, misrepresentation is present which allows individuals to fraudulently obtain either food stamps or AFDC funds whenever they do not qualify for such aid.

During the period between July 1, 1974 and August 31, 1978, the Investigation Division of TDHR investigated 17,436 suspected food stamp fraud cases. As a result, 11,270 cases were presented for prosecution. This represents 64.6% of all suspected food stamp fraud cases as being actual frauds. As of September 1, 1978, this Division had a backlog of 8,291 suspected food stamp fraud referrals. Utilizing the 64.6% figure mentioned above as an indicator, approximately 5,356 of the suspected cases will be fraudulent.

During that same period of time, the Investigation Division also investigated 15,119 suspected AFDC fraud cases. As a result of these investigations, 10,208 or 67.5% of these cases were determined as fraudulent. As of September 1, 1978, the Investigation Division reported a backlog of 8,998 suspected AFDC fraud referrals. Utilizing the 67.5% figure mentioned above as an indicator, approximately 6,074 of these cases will prove fraudulent. The average amount of money involved in the 21,478 fraudulent food stamp and AFDC cases was \$789.72 per case. Utilizing this figure, approximately \$9 million in fraudulent activity will be uncovered from the completion of those cases still pending. Welfare frauds during the period of July 1, 1974, through August 31, 1978, which have been investigated, have shown the fraudulent taking of \$17.7 million from the welfare system. Including both this figure and the \$9 million suspected welfare frauds yet to be investigated, the total amount of welfare fraud in Texas over the past four years can be estimated as high as \$27 million.

Though each welfare fraud case contained minor unique characteristics, examples of cases which represent common welfare frauds include:

The president of a Baytown medical rental firm was convicted in Federal court of conspiring to file over 1,000 false Medicare claims totalling over \$60,000 from June, 1975, to September, 1977.

A Dallas Grand Jury indicted a weight reduction clinic operator who was charged with felony theft of \$97,000 for allegedly billing Medicaid under the name of a fictitious doctor.

A Houston nursing home operator was placed on ten years probation and ordered to pay \$15,000 restitution to the State for welfare money she illegally collected by falsifying government documents to collect \$53,000 in welfare payments.

A Lubbock court convicted a woman for illegally collecting \$700 in Aid to Families with Dependent Children funds from the State. The woman had filed documents that her husband had abandoned her and her children. Facts revealed that the husband was still living with the woman.

A Fort Worth couple was convicted of passing \$6,000 in bogus welfare checks during a three-week time period in the Dallas/Fort Worth area.

The investigation of welfare frauds in Texas has brought about a substantial number of convictions. The TDHR reports that 99% of those cases investigated and declared fraudulent by the Investigation Division resulted in convictions. Through this extremely high conviction rate, a large proportion of the defrauded money was retrieved.

The control of welfare fraud is somewhat difficult to achieve, due to the large number of individuals receiving welfare funds and the small number of TDHR employees to oversee this distribution and to detect violations. It would seem almost impossible to control fraudulent activities; however, according to statistics released by TDHR, the number of welfare frauds have decreased substantially through the increased enforcement action of the TDHR's Investigation Division. There appears to be a direct correlation between the increase in the investigation of welfare frauds and the decrease in potential welfare fraud.

Insurance Frauds (Arson). One of the major forms of fraud identified in Texas has been that of insurance frauds. Fraudulent insurance claims have run the gamut of all possible insurance fraud types. Major types identified in Texas have been auto repair frauds, "slip and fall" frauds, and arson frauds. This section will deal solely with insurance frauds as they relate to arson.

The increase of arson has recently received nationwide attention. There has been a strong movement by major fire investigation groups and the National Fire Protection Association to have arson reclassified as a Part I crime in the FBI's Uniform Crime Report. The purpose of this reclassification has placed more emphasis on the treatment of arson as a criminal offense by law enforcement

agencies. Their concern in this matter is well-justified and beginning in 1981, arson cases must be reported and included in Part I offense statistics.

The crime of arson has steadily increased over the past ten years. The National Fire Protection Association estimated that there were as many as 3,513,000 reported fires, with a property loss of over \$6 billion nationwide. Of these fires, 177,000 were suspected cases of arson. Total losses attributed to arson during 1977 included 700 civilian deaths and an estimated property loss of \$1,159,000,000. The insurance industry has indicated that at least 40% of their annual claims for incendiary damages can be attributed to arson. Utilizing this figure, \$46,360,000 of insurance premiums were paid last year to arson cases.

Arson statistics for Texas are unavailable to determine the exact amount lost to arson in the State each year. However, to show the magnitude of this crime, a recent news broadcast from a San Antonio television station stated that the amount of arson related fires was increasing substantially in San Antonio. The station quoted that during the month of September, 1978, the City of San Antonio experienced fire losses of over \$1.8 million. Some \$400,000 was attributed to arson related fires. Because of this outbreak of arson, the Mayor of San Antonio has requested a task force study into the problem of arson within the City.

Though the national arson loss previously stated does not necessarily represent insurance fraud, past information indicates that a substantial part of this amount involved some type of fraudulent scheme. Several examples of insurance frauds involving arson are:

A merchant who is unable to conduct his business at a profitable level decides to destroy the business by arson and collect the insurance settlement.

A businessman who goes into partnership with other individuals and allows his merchandise to be carted away from the store and sold at discount prices. After such sales, the businessman hires a "torch" to burn his business. The businessman then files an insurance claim, claiming that merchandise (which had already been sold at a discount price) as part of his loss.

Organized criminals penetrate a legitimate business and pilfer that business' products. The businessman, unable to operate profitably, agrees to have a "torch" burn his business and split the insurance money.

A major problem in combating arson is the lack of investigators at both the State and local level to actively investigate and prepare for prosecution those cases involving arson. This problem is enhanced by the fact that evidence in an arson case is destroyed more quickly than most types of other criminal evidence. The private sector has become more involved in the investigation of arson cases when these cases deal directly with insurance fraud. The Insurance Crime Prevention Institute is one such private organization which is funded by major insurance companies throughout the United States. The I.C.P.I. details insurance investigators to assist local law enforcement agencies on request.

Major Consumer Frauds. One of the major types of economic crime within the State is that of consumer fraud. The types of fraud which fall within this category are varied. They may range from home improvement schemes involving less than \$100 to advance fee schemes involving as much as \$100,000. This type of fraud utilizes either con game tactics, buyer beware tactics, or deceptive trade practices.

The Consumer Protection Division of the Attorney General's Office is charged with the major responsibility of protecting consumers against fraudulent and deceptive practices. During the period from September 1, 1977, through August 31, 1978.

the Consumer Protection Division received 16,376 complaints concerning consumer fraud. Though statistics are not available to determine the exact amount of monetary value involved in these complaints, \$1,071,085.81 in economic benefits was eventually recovered and returned to the victims of these frauds. In conjunction with these complaints, the Attorney General's Office filed 72 lawsuits and received 25 "Assurances" against companies operating in a questionable manner. (Assurances refers to the company in question assuring the State that they will operate within the letter of the law from that time forward.) Through these 72 lawsuits, the courts rendered favorable decisions to the victimized parties resulting in \$323,190.69 in restitution, and levied \$42,924.00 in civil penalties.

As can be seen, the consumer frauds within the State comprise a majority of all major frauds identified. Instances such as the above are illustrative of the large amounts of money which can be obtained through consumer frauds.

ORGANIZED CRIMINAL GROUPS IN TEXAS

The Texas Organized Crime Act of 1977 defines organized crime as a group of five or more individuals utilizing conspiratorial means to commit a variety of enumerated crimes¹. This definition has been useful in Texas' efforts to identify and control this criminal activity. However, this definition is not universally accepted within the United States as a working definition for organized crime. Different states have adopted organized criminal statutes which provide descriptors for organized crime which are different from the Texas Statute. The federal government has also legislated various organized crime control statutes which identify organized crime differently than many states.

For the purposes of this report, the organized crime definition as stated in the Texas Statute will be utilized. There are numerous groups which meet this definition. Because of the difficulty in identifying each individual group, this report will not attempt to report on the activities of each. Those groups which will be identified in this report as organized criminal groups operating in Texas are those which have been identified as major criminal groups by State and local law enforcement.

¹For a complete listing of those crimes specified in the State Organized Crime Statute, please refer to page 3 of this report.

The data utilized in developing this section was derived from various intelligence reports provided to the Council by the regional organized crime control units, the Department of Public Safety Intelligence Service, and by other law enforcement agencies within the State. Those groups which will be identified and discussed include: 1) La Cosa Nostra, 2) Mexican Mafia, 3) Dixie Mafia, 4) Motorcycle Gangs, and 5) Other major organized criminal groups within the State.

La Cosa Nostra. Whenever the term organized crime is used, most individuals automatically think of mafia or La Cosa Nostra. The mass media has capitalized on this criminal group in various books and movies in the past and has projected an image of very well structured family organizations which deal in various vice-related crimes. This exposure by the media has undoubtedly caused many to think that organized crime is synonymous with mafia. However, though there exists a mafia or La Cosa Nostra (LCN) within the United States, it is only part of a larger picture which has been identified by law enforcement officials as organized crime. Currently there exists 26 LCN families within the United States. Though no family presently lives in Texas, it is believed that the major thrust of LCN activities in Texas occurs through contacts and associates acting in the place of mafia members who reside outside the State. These activities include, but are not limited to, laundering of illegal money through apparently legitimate businesses, gambling, prostitution activities, narcotics activities, and other related business activities. It is believed that at the present time there are nine members of these families living in Texas along with 57 associates. Though no one family is primarily located in Texas, their tentacles have extended well into every part of the State. It is believed that their

influence is noted in almost every major metropolitan area within the State either in the form of illegal activities or purported legal activities.

Though historically, these La Cosa Nostra families have been heavily involved in racket activities both in Texas and within the United States, it now appears that they are leaving the rackets and entering into more apparent legitimate operations. However, it is believed that these apparent legitimate operations are merely fronts to launder illegally gained money. Additionally, LCN activities have been noted as being involved in such crimes as arson, security fraud, and insurance fraud within the State. It is anticipated that these La Cosa Nostra activities will continue to be apparent within the State as the State's population and economic wealth continue to increase.

Mexican Mafia. The trafficking of narcotics into and through Texas is the greatest form of organized criminal activity within the State. Because of Texas' location adjacent to the Mexican border, and because of the vast coastlands within the State, the trafficking of narcotics from the South has been prevalent within the State for many years. Current intelligence indicates that there are several major families within Mexico who finance and traffic the majority of all hard narcotics which is consumed within the United States. These families have gained the title of Mexican Mafia and are responsible for the production, transportation, and final street distribution of hard narcotics. Current intelligence indicates that there are at least 125 members and associates of Mexican Mafia families located in South Texas alone.

Dixie Mafia. The Dixie Mafia can be described as a group consisting of a loose knit organization of criminals who are associated, but have no formal structure or organization. They are involved in numerous criminal activities throughout Texas and the Southeastern parts of the United States. Intelligence information indicates that there are at least 220 suspected members of the Dixie Mafia currently operating in New Mexico, Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Alabama, Georgia, Tennessee, Florida, and possibly Arizona. This criminal group is involved in various types of property and personal crimes. These crimes include such things as burglary, robbery, narcotics, theft, auto theft, and violent crimes such as murder-for-hire contracts.

Motorcycle Gangs. Though motorcycle clubs are generally not considered criminal confederations, some clubs are actually engaged in organized criminal activities. Intelligence information indicates that at least 12 such clubs, or gangs, currently operate within the State. These 12 clubs show a combined membership of approximately 1,070 members. These motorcycle gangs have historically been involved in major property crimes such as theft, burglary, auto theft, and vehicle parts thefts. During 1978, major intelligence information has indicated that these gangs have expanded their operations to include operating methamphetamine labs and murder-for-hire contracts within the State. One such gang has come under considerable investigation during the latter part of 1978 for their role in various murder-for-hire contracts.

Other Criminal Organizations. In utilizing the organized crime definition provided in the Organized Crime Control Bill of 1977, it is believed that the largest grouping of organized criminals within the State are independent groups

of five or more individuals who commit various crimes. It is believed that these groupings cause a substantial monetary drain to the State and that their activities are not directly associated with any of the above mentioned organized crime groups. These groups are involved mainly in property crime ranging from organized burglary rings, organized shoplifting rings, organized fencing rings, narcotics trafficking, and other organized property crimes.

FINAL ANALYSIS

Organized crime's impact upon the State is quite evident not only by the amount of money which is siphoned out of the State's economy but also by the number of people who are affected either directly or indirectly by organized criminal activities. The crimes which have been analyzed in this report indicate that the loss to the State's economy could very well exceed \$5 billion per year. It is evident that this amount is increasing yearly. Additionally, it is believed that some organized criminal activities have increased at a faster rate than others.

By far, the greatest increase in organized criminal activity noted in Texas during 1978 was that of narcotics trafficking. This activity alone represented a \$1.5 billion economic drain to the State economy. Because of the continued demand for narcotics not only in Texas but also in the United States, trafficking of narcotics into and through Texas is believed to be increasing. Projections have been made which indicate that this type of organized criminal activity will expand in the near future.

Gambling activities have also increased notably during 1978. As estimated \$1 billion plus was wagered in Texas during 1978. It is anticipated that gambling activities will expand in the future as new sporting events are introduced within the State and surrounding states which will result in greater betting activity.

In those organized crime areas such as prostitution, it is believed that during 1978 these activities remained at a status quo. It is the Council's belief that

prostitution activities, though at times associated with major organized crime syndicates, actually may be independent operators functioning on a large scale. Though these activities warrant law enforcement attention, it is believed that this attention should be initiated at the local level and should be the responsibility of local law enforcement agencies.

Pornography, though it increased during 1978, is still a crime of unknown proportions to many State and local law enforcement agencies. Greater research must be initiated before a comprehensive picture can be drawn of this organized criminal activity. This research must include participation by not only State and local law enforcement agencies but also by federal law enforcement agencies and those other agencies which come into contact with child abuse, child pornography activities, and other vice related activities.

Fencing activities and organized vehicle theft rings are also anticipated to increase during the coming years. These activities can be countered however through increased police operations such as sting/anti-fencing operations and also increased cooperation between State and federal officials in the area of auto theft. Additionally, efforts must be made to assist private sector agencies which manufacture automobiles in developing a more accurate system of identifying vehicle parts which are presently being stolen but which cannot adequately be traced.

Finally, major emphasis should be given to those law enforcement agencies and special units which are primarily responsible for combating organized criminal activity within the State. Developing a strategy of organized crime control would be of little value unless that strategy was implemented at the operational level. The most important level of organized crime control is the operational, or enforcement

level. Though systems may be designed and major plans developed to suppress organized crime, they would be of little value if they were not initiated and utilized at the operational level. Presently there are ten regional organized crime control units in the State. In addition to these units, there are other units which have been established whose responsibility also includes organized crime control. These units include the Texas Department of Public Safety Intelligence Service and Narcotics Service, major crime task forces, special prosecution units, organized crime anti-fencing units, and units established in major law enforcement agencies whose purpose is either narcotic or organized crime control.

Though each of these units plays a specific role in the overall organized crime control strategy within the State, the ten regional organized crime control units were specifically created and designed to control organized crime on a regional level. These ten organized crime units include:

Greater Austin Area Organized Crime Control Unit--consisting of members of the Austin Police Department, the Travis County District Attorney's Office, the Hays County, Bastrop County, Williamson County, and Burnet County Sheriffs' Offices.

Bexar County/City of San Antonio Organized Crime Control Bureau--consisting of members of the San Antonio Police Department, the Bexar County Sheriff's Office, and the Bexar County District Attorney's Office.

Cameron County Organized Crime Control Unit--consisting of members of the Brownsville and Harlingen Police Departments, and the Cameron County District Attorney's Office.

Central Texas Organized Crime Control Unit--consisting of members of the Temple Police Department and the Bell County District Attorney's Office.

Greater Dallas Area Metro Intelligence Unit--consisting of members of the Dallas, Grand Prairie, Irving, Garland and Mesquite Police Departments, the Dallas County Sheriff's Office, and the Dallas County District Attorney's Office.

Harris County Organized Crime Control Unit--consisting of members of the Baytown, Bellaire, Deer Park, Houston, LaPorte, Pasadena, Seabrook and South Houston Police Departments, the Harris County Sheriff's Office, and the Harris County District Attorney's Office.

Galveston County Organized Crime Control Unit--consisting of members of the LaMarque, Galveston and Texas City Police Departments, and the Galveston County Sheriff's Office.

Nueces County Organized Crime Control Unit--consisting of members of the Corpus Christi Police Department, the Nueces County Sheriff's Office, and the Nueces County District Attorney's Office.

Panhandle Regional Organized Crime Control Unit--consisting of members of the Amarillo and Canyon Police Departments, Randall County Sheriff's Office, and the Deaf Smith County Sheriff's Office.

Texarkana Area Organized Crime Intelligence Unit--consisting of members of the Texarkana, Texas, Police Department and the Bowie County District Attorney's Office.

Except for those units which have statewide jurisdiction, organized crime control units are located in only a portion of the metropolitan areas of the State and are virtually non-existent in rural areas. Because of the vast areas of South and West Texas and their proximity to the Mexican border, organized criminal activities such as international narcotics smuggling have become highly successful businesses.

Organized crime differs from regular street crime in that there is a greater structure among those individuals who participate in organized criminal activities. Additionally, their activities usually occur on a continuous basis, involve conspiracy, and extend over numerous jurisdictional boundaries. Because of this, enforcement needs for combating organized crime must be expanded beyond those needs which generally exist to meet normal criminal activity. The criminal justice system must look beyond the various criminal sanctions which are now available to control organized criminals and recognize the role that civil remedies play in controlling organized crime operations within the State. Additionally, in view of the multi-jurisdictional aspect of organized criminal activity the various law enforcement agencies must be supported in their efforts to analyze these activities, determine the identities of the major criminals and target them for intensive investigation and prosecution.

There must also be a renewed commitment among the three levels of the criminal justice system to meet the unique challenge of organized crime. Law enforcement, courts, and corrections must devise new and innovative techniques which would emphasize to the criminal and to the community that this type of activity will not be tolerated. The role of government involvement must be increased to insure that the criminal justice system receives the necessary support to carry out its functions in this area. Additionally, there must be increased citizen involvement and support for organized crime control programs. Citizens must become better informed of the tremendous impact that organized crime has upon their lives and their community. They must also take an increasingly active role in the prevention and detection of organized criminal activity in our society.

END