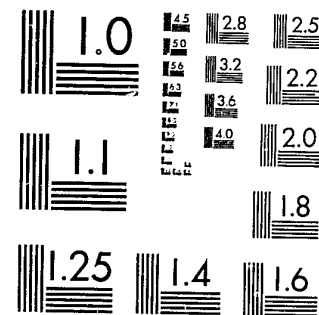


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Department of Justice

STATEMENT

OF

WILLIAM FRENCH SMITH
ATTORNEY GENERAL

BEFORE

THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

CONCERNING

ORGANIZED CRIME

ON

JANUARY 27, 1983

NCJRS

MAR 11 1983

ACQUISITIONS

Chairman Thurmond, members of the Committee. I am very pleased to have the opportunity to appear before this Committee and to address the most serious dimension of crime in America today. I want to commend the Committee for choosing to address the subject of organized crime. I welcome the public understanding that will flow from your scrutiny -- and I look forward to your joining with us in developing the added tools necessary to combat the mob's power in this country. As you address this subject, I believe that you will discover that the problem is horrifying. You will also discover, however, that the President has put together a program that can realistically attack it. As he said just three months ago, we have developed "a national strategy to expose, prosecute and ultimately cripple organized crime in America."

In my testimony, I will, first, outline for you the changing nature and power of organized crime today. Second, I will tell you what we have already accomplished in the fight against organized crime. Third, I will explain how much progress has already been made in implementing the President's new initiative against organized crime. And last, I will detail those provisions of the President's program that still await Congressional action and deserve your attention as you grapple

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with the problem of organized crime. In addition, Judge Webster will offer his special perspective on organized crime as Director of the FBI. He will also explain how the FBI fights organized crime through its use of informants, undercover operations, and court-ordered electronic surveillance. Indeed, those techniques give us our best look at organized crime today -- and have enabled us to make major progress in combating it.

In recent years, crime has become increasingly organized and sophisticated. And organized crime has become especially lucrative because of the enormous market for illicit drugs.

Large-scale drug dealers must organize their operations. They obtain the illicit substances, or the rights to the substances, overseas. Within our borders, the drug dealers have set up elaborate enterprises for cutting the pure imported drugs and distributing them over wide geographical areas. And the organization does not stop there. Drug money is laundered through legitimate businesses set up as "fronts" for drug dealers. The profits are then plowed back into the drug business, just like a legitimate major enterprise. Increasingly, some of the profits are actually invested in legitimate businesses -- including real estate in Florida, restaurants in California, and other businesses across the Nation.

The popular notion that La Cosa Nostra -- or traditional organized crime -- stays out of drugs is simply not true. Many of the syndicate's families have developed elaborate drug networks. Virtually every one of them is involved in drugs in one way or another.

But the problem of organized crime today is by no means limited to its traditional form. In the past two decades, we have witnessed the emergence of new organized criminal enterprises dealing in drugs and the other rackets traditionally controlled by the syndicate. Outlaw motorcycle gangs, prison gangs, and other emerging groups have entered the drug business, often in competition with traditional organized crime.

Over the past decade, some 800 outlaw motorcycle gangs have developed around the country and in foreign countries. Four principal gangs, however, together nearly cover the country: the Hells Angels, the Outlaws, the Pagans, and the Bandidos. These gangs are as highly structured as traditional organized crime families. They have accumulated substantial wealth through a wide range of organized criminal activities, but their primary source of revenue is drug trafficking.

The second non-traditional organized criminal group is the prison gangs, which were first established as a result of associations developed in the California State Prison system over the past twenty years. Today, they operate both inside and outside prison. They remain predominately a West Coast phenomenon, but there is evidence that they are spreading. Gangs of former inmates, like the motorcycle gangs, have a "Big Four" -- La Nuestra Familia, the Mexican Mafia, the Aryan Brotherhood, and the Black Guerilla Family.

There are also other emerging groups. There are Southeast Asian groups, the violent Colombian groups known as the Cocaine Cowboys, and other drug cartels.

We are speaking of organizations which operate through the indiscriminate use of violence and threats of violence. The magnitude of this problem is seldom realized. In one American city in the past 40 years, over 300 murders are attributed to the mob. Another city has seen 16 killings in the past two years. These executions, heinous in themselves, often endanger the lives of innocent bystanders as well.

The massive involvement of organized crime with drugs is only part of the problem. Organized crime is also heavily involved in pornography, gambling, prostitution, extortion, loansharking, fraud, and weapons trafficking. Successful labor racketeering prosecutions during the last past two decades have also disclosed significant infiltration of legitimate businesses and labor unions by racketeers.

And most serious of all, we see public officials at all levels being corrupted by drug money. We have reports of rural sheriffs and police officers accepting payments of \$50,000 or more just to "look the other way" while traffickers make a single landing at a makeshift airport. The dollar amounts involved are so great that bribery threatens the very foundations of law and law enforcement.

During the last two years we have recognized the full dimensions of the threat posed by organized crime and its involvement with drugs. We had, however, been operating at a considerable disadvantage. During the four years preceding my tenure, the number of FBI and DEA agents actually declined by more than 900 -- about a ten percent cut in our manpower.

This Administration did, however, craft and implement a series of initiatives to use our limited resources better -- and in a more coordinated way -- to fight organized crime and drug trafficking.

We reorganized the Drug Enforcement Administration. And for the first time, just one year ago, the FBI was brought fully into the fight against the number one crime problem to complement the excellent work of the DEA. Thereby, we gained not only the FBI's resources, but also its years of experience in fighting organized crime. In January of 1982, the FBI had less than 100 significant drug investigations underway. This January, the FBI has 1,115 -- nearly twelve times as many -- and about one-third are joint investigations with the DEA.

We have scored dramatic successes against organized crime. Working with the Justice Department's Organized Crime Strike Forces, the FBI, other Federal, state, and local investigative agencies, and our United States Attorneys, we have indicted and convicted numerous high-level members of syndicate families -- in some cities including the top structure of organized crime families regarded as untouchable a few short years ago.

During fiscal year 1981, there were 515 organized crime convictions. During fiscal year 1982, there were 763 -- nearly a fifty percent increase. And annualizing the number of convictions during the first three months of this fiscal year shows further increases. In total, there have been about 1400 federal organized crime convictions in just the last two and one-quarter years.

In the last year alone the list of most significant organized crime convictions is striking.

The boss of the New Orleans family was convicted in two bribery-conspiracy cases, during January 1982 in his home town and April 1982 in Los Angeles. He was sentenced to serve 17 years.

In July 1982 the leader of the Cleveland syndicate was convicted of Federal racketeering charges and sentenced to 17 years. The number three man received a sentence of 12 years in a related prosecution involving the bribery of a Federal employee in an effort to obtain confidential information from FBI files. A self-professed drug king for the Cleveland mob pleaded guilty to Federal narcotics and racketeering charges several months ago and received a 30-year sentence. He has since cooperated against his associates in narcotics trafficking and related acts of murder and violence.

The boss of the Philadelphia mob was convicted on firearms charges and jailed in August 1982 pending appeal. In February 1981 the number two and three leaders of the Philadelphia syndicate had also been indicted on racketeering and conspiracy charges, but were murdered before the court process could be completed. One captain of the organization was ultimately convicted in June 1982 in that same case and received a 10-year sentence.

In September 1982 the number three man in the Chicago syndicate was convicted in a case involving control of a major labor union. He was sentenced to 20 years.

Just last December, in Chicago, the president of the Teamsters Union was convicted of attempting to bribe a United

States Senator. One of his co-defendants was a leader in that city's organized crime group. Another defendant was murdered just last week.

Most recently -- just three days ago -- the underboss of the Cleveland family was convicted of engaging in a continuing criminal enterprise plus twenty-three other narcotics violations. In addition, three other organized crime figures were convicted of engaging in a continuing criminal enterprise, conspiracy, murder, and an assortment of narcotics violations.

By any measure, these cases represent outstanding successes. I am proud of all the dedicated investigators and prosecutors who labored long and hard to bring them about -- often at great risk to their own lives. We fully expect these successes to continue. They do not begin, however, to exhaust the list of improvements made in federal law enforcement.

Just over a year ago, the Attorney General's Task Force on Violent Crime made sixty-four different recommendations to improve federal law enforcement. We have already implemented seventy-five percent of those recommendations. Indeed, the Law Enforcement Coordinating Committees that are now pulling together federal, state, and local law enforcement efforts and resources -- and have highlighted the urgency of the drug problem -- were created as a result of Task Force recommendations.

By achieving the amendment of the posse comitatus law, we have been able to utilize the military's resources -- and its tracking and intelligence capabilities -- in the fight against drug traffickers. Through amendments to the Tax Reform Act, crucial information is more readily available to law enforcement

-- and more tax cases are possible against drug dealers and organized crime.

Although organized crime -- and especially organized drug trafficking -- is our number one domestic law enforcement problem, its reach is international. Foreign crime cartels are penetrating the U.S. market. The profits of organized crime are laundered and utilized beyond our borders. Drug trafficking begins with opium and coca cultivation thousands of miles from our shores. Typically, the processing of opium into heroin or coca into cocaine also takes place abroad before the refined drugs are smuggled into the United States for further processing and sale.

It is therefore critical that we establish close working relationships at the highest levels with the governments of drug source and transit countries. It is essential that we reemphasize on a continuing basis the concerns of the United States about the international drug problem and the importance to us of an effective international response. It is also important that we learn firsthand about the problems that confront foreign governments in dealing with crop eradication, crop substitution, and processing laboratories within their jurisdictions. Last, we must ensure that our resources and personnel are being appropriately utilized in cooperation with foreign governments. My trip last Fall to drug source and transit countries in Asia and Europe helped to further all of these necessary goals.

In spite of all our new domestic and international efforts, in spite of a new intergovernmental and interagency coordination and cooperation in the fight against drugs and organized crime, the problem remains a gigantic one. The profits

of organized crime are so huge that we have been outmanned and outgunned in the battle.

It was for that reason that the President, working with all the affected agencies, put together his new eight-point initiative to challenge directly both organized crime and drug trafficking in America. Many of the components of that program are in fact already underway.

The first component of the President's program creates twelve new regional task forces to mount a coordinated attack by all the involved federal agencies against organized drug trafficking. Building upon the reports from our Law Enforcement Coordinating Committees, the experience gained in coordinating the diverse agencies involved in the South Florida Task Force, and the successful involvement of the FBI with DEA, the Task Force concept was adopted. As a result of speedy Congressional action, the Task Forces are already becoming operational. Guidelines jointly developed by all of the agencies involved have been issued. The organization of the Task Forces is in place. Personnel are being assigned. The selection of the first two major cases for the headquarters city of each Task Force has been nearly completed.

As I have said, these Task Forces improve upon our experience with the South Florida Task Force, and they recognize the increasing organized crime involvement in drug abuse. They will operate with the flexibility necessary to pursue organized drug syndicates wherever they operate. Under my direction, they will work closely with state and local law enforcement officials. Following the South Florida example, they will coordinate and utilize all the law enforcement resources of the Federal

Government including the FBI, DEA, IRS, ATF, Immigration and Naturalization Service, United States Marshals Service, the United States Customs Service, and the Coast Guard. In addition, in some regions, Department of Defense tracking and pursuit capability will be made available.

These Task Forces will allow us to mount an intensive and coordinated campaign against international and domestic drug cartels and other organized criminal enterprises. Thus, refining the South Florida model, they will target and pursue the organized criminal enterprises dealing in drugs.

Several points emphasize the significance of these new Task Forces to the fight against organized crime and drugs. This is the single largest federal effort against drug trafficking ever assembled. By creating these Task Forces -- and bringing the FBI into the battle -- we will nearly double the federal drug enforcement resources of only a year ago. They represent the first major infusion of new agents into the FBI and DEA in about a decade. The new Task Forces will complement the work of the Department's existing Organized Crime Strike Forces -- which do not generally become involved in prosecuting drug cases -- and they will utilize more agents and prosecutors than the Strike Forces. Unlike prior federal drug efforts that focused on the street level, our Task Forces will concentrate upon destroying the top levels of organized drug trafficking. The Task Forces are a major new undertaking -- and they have the resources to match the significance of the undertaking. By the end of summer, 1600 new law enforcement personnel will have been brought into this battle.

As important as these new Task Forces will prove -- and as central as drug trafficking is to organized crime today -- they do not represent the totality of the President's new program. That program is as broad as organized crime today -- and the other components of the program address the breadth of organized crime's activities in addition to drug trafficking.

The Administration has launched a project that will enlist the Nation's Governors in bringing about needed state and local criminal justice reforms. For example, without effective enforcement of local and state statutes against various kinds of racketeering, such as illegal gambling, vital sources of revenue for organized crime will never be fully dried up. This Governors' Project will bring to the attention of the states the importance of such initiatives as well as eliciting the best ideas from our Nation's Governors. That interchange has, in fact, already begun.

All the diverse agencies and law enforcement bureaus of the Federal Government are now being brought together for the comprehensive attack on drug trafficking and organized crime under a cabinet-level committee chaired by the Attorney General and a working group chaired by the Associate Attorney General. We will review interagency and intergovernmental cooperation in the struggle against organized crime and, when necessary, bring problems in these areas to the President's attention for a speedy resolution.

We have also established, through the Departments of Justice and Treasury, a National Center for State and Local Law Enforcement Training at the Federal Law Enforcement Training Center in Glynco, Georgia. It has now begun to assist and train

local law enforcement agents and officials in combating other kinds of organized crime such as arson, bombing, bribery, obstruction of justice, and contract fraud, as well as drug smuggling. During the pilot phase of this program, over 450 state and local officers from as far away as Anchorage have already received training. The evaluations they completed were extremely enthusiastic in supporting this type of training as an exceptionally valuable tool in fighting crime.

To ensure continued improvement in our effort, the President has asked me to submit a yearly report on the status of the fight against organized crime and organized drug cartels. This requirement, although simple and inexpensive, will establish a formal mechanism through which we take a yearly inventory of our efforts in this area and report to the Congress and the American people on our progress.

In addition, once again with speedy Congressional action, new funds are being allocated to prison and jail facilities so that the mistake of releasing dangerous criminals because of overcrowded facilities will not occur.

As you can see, the President's new program to combat organized crime is well underway just 90 days after he proposed it. Nevertheless, essential components of that program await further action. As you focus upon the problem of organized crime in America, I am certain that you and the American public will recognize the importance of speedy action on these other components of the program. Indeed, the menace of organized crime and drug trafficking is so serious that no stone should be left unturned.

As you recognize and demonstrate by these hearings, one of the most important weapons in the fight against organized crime is public scrutiny. No law enforcement effort can succeed in this area without the full involvement of the public, which can occur only if the people recognize the true nature and scope of the threat organized crime poses to their own well-being.

Accordingly, the President supports the creation of a National Organized Crime Commission composed of fifteen distinguished Americans from diverse backgrounds and professions with practical experience in criminal justice and combating organized crime. The purpose of this Commission, which would continue for up to three years, is to undertake a region by region analysis of organized crime's influence, to assess the data it gathers, and to hold public hearings on its findings.

It is also essential to the fight against modern and sophisticated organized crime that the Congress enact reforms that would restore the balance between the forces of law and the forces of lawlessness. The President has proposed significant changes in the criminal laws that would serve that end. It is time that they were seriously considered -- and enacted. Reforms in the federal criminal statutes dealing with bail, sentencing, criminal forfeiture, the exclusionary rule, and labor racketeering are

essential in the fight against organized crime. The resources and sophistication of organized crime today will take advantage of any weakness in the law -- and weaknesses in each of these areas have been clearly identified through difficult and costly experience.

For bail reform, we must authorize the pretrial detention of those defendants shown to be dangerous to the community, and reverse the current presumption in favor of bail pending appeal. Of special importance in the fight against organized crime and drug trafficking, the courts should be specifically authorized to inquire into the source of bail, and they should refuse to accept money or property that will not reasonably ensure a defendant's appearance at trial.

For sentencing reform, we should abolish the Parole Commission and establish a system of uniform, determinate sentencing; authorize government appeal of sentences; and restructure the entire range of criminal fines and prison terms. The process of parole has been too often abused, and the organized criminal has too often been the abuser.

Criminal forfeitures must be made available in all major drug trafficking cases. We must strengthen procedures for "freezing" forfeitable assets pending judicial action, expand the classes of property subject to forfeiture, and facilitate the administrative forfeiture of conveyances and other property in uncontested cases. We must provide specific authority for the forfeiture of the proceeds of an "enterprise" acquired or maintained in violation of the RICO statute.

The exclusionary rule has substantially hampered our law enforcement efforts. The suppression of evidence has freed the

clearly guilty, diminished public respect for the law, distorted the truth-finding process, chilled legitimate police conduct, and put a tremendous strain on the courts. A recent National Institute of Justice report found that when felony drug arrests were not prosecuted in California, 30 percent of the time it was for search and seizure reasons. It also found that "[t]o a substantial degree, individuals released because of search and seizure problems were those with serious criminal records who appeared to continue to be involved in crime after their release." It is time to bar the use of the exclusionary rule when a law enforcement officer has acted in good faith, reasonably believing his action to have been legal.

Our ability to fight labor racketeering can be improved through legislation in at least two respects. First, disqualifying crimes which prohibit those convicted from holding positions in labor unions and employee benefit plans should be brought into conformity with one another and expanded. The positions to which disqualification applies should be expanded, disqualification should become effective immediately upon conviction, and a violation of these statutes should be made a felony. Second, we recommend the enactment of a "labor bribery" statute that would impose felony penalties in cases involving corruption in labor-management relations and that would uniformly prohibit corrupt payments in all industries now covered by the Taft-Hartley and Railway Labor Acts. Recent convictions involving labor-management corruption on the waterfronts and in other industries have demonstrated the continuing need for federal legislation to deter bribery and

address the problem of the infiltration of labor organizations by organized crime. Labor organizations exist to benefit their members -- and should not be allowed to serve the criminal interests of corrupt individuals.

We are supporting other anti-crime legislative initiatives with particular relevance to drug trafficking and organized crime, which I will simply list: increasing federal penalties for drug trafficking, easing the extradition process, making murder for hire a federal offense, amending the Bank Secrecy Act and wiretap laws, and providing mandatory imprisonment for the use of a firearm in the commission of a federal felony.

These reforms would not diminish the liberties of law-abiding Americans. They would, however, diminish the opportunity for organized crime to take liberties with law-abiding Americans.

I want to thank this Committee again for inviting me here today. But more importantly, I want to thank you for your interest in this subject. I believe that what we do about organized crime today will have a very substantial impact on the lives of all Americans tomorrow. The President's new program -- and the improvements already effected within the government-- give me great hope for the future.

As the President has said: "Our commitment to this program is unshakable -- we intend to do what is necessary to end the drug menace and cripple organized crime." We believe that the program announced by the President will have exactly that effect.

It is a comprehensive and carefully crafted national strategy that will coordinate and improve the efforts of all law enforcement agencies in fighting the menace of organized crime and drug trafficking.

END