

# Sonny Tied To Racket On Wall St.

By Gregory Schimer

New York—In the world of fast-rising executives who have started to reap the benefits of their success, all roads lead to Wall Street. And John (Sonny) Franzese, the suburbanized executive of Cosa Nostra crime, is no exception.

Franzese didn't exactly buy a seat on the New York Stock Exchange, however. And he didn't have to see a broker, either. His Wall Street investment, according to testimony yesterday at a state legislative committee hearing on crime, consisted of funds used by loan sharks operating on employees of financial firms. And the testimony indicated that his money has been tied up in some pretty hot securities. And according to State Sen. John Hughes (R-Syracuse), the chairman of the Joint Legislative Committee on Crime, which is holding the hearings: "Franzese's name comes up very frequently, doesn't it?"

Franzese's name came up yesterday in the testimony of Michael Metzger, an assistant New York County district attorney, who told the committee that "mob money" loaned to a Wall Street clerk by a loan shark had originated in Franzese's Cosa Nostra organization. Metzger's testimony was part of the evidence gathered by the committee which indicated that organized crime has moved into the Wall Street area through loan-sharking activities.

In the incident described by Metzger, a young clerk in an unidentified brokerage house had owed the sharks \$5,000 and was paying \$250 a week on the loan. Metzger said that when the clerk, Gerald Wolff, missed a payment on one occasion, he was beaten. On a similar occasion, he was told he could work off some of his debt by helping to unload \$100,000 in stolen securities, Metzger said. Wolff went to the police, Metzger testified, and an undercover agent bought the stolen securities for one per cent of their value. The accused loan shark, Nathan Sackin, who operates a Greenwich village dry-cleaning store, and two associates were arrested in the case, Metzger said.

The extent of Franzese's involvement in Wall Street loan-sharking was not revealed at the committee hearing, one of a series of hearings based on a four-month investigation into infiltration of legitimate business by racketeers. But Metzger said that loan-sharking was "the principal vehicle by which the underworld may infiltrate the otherwise legitimate areas." In the last few years numerous Wall Street brokerage houses have lost large amounts in stocks and securities to thieves.



Franzese

prison and a \$20,000 fine for conspiring to rob banks in Oceanside, Kew Gardens, Queens, and Salt Lake City. The bank robbery convictions have been appealed.

At yesterday's hearing, Deputy Police Insp. Louis Cottell said that the incident involving loan sharks using Franzese's money was just one example of how the underworld has muscled in on Wall Street. Cottell said other victimized employees of financial firms have been forced to steal securities or otherwise "do the bidding" of the underworld.



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**CRIME PANEL.** Members of a joint committee hear testimony in Manhattan yesterday on organized crime in Wall Street. They are, from left, Edward McLaughlin, committee counsel; State Sen. John Hughes (R-Syracuse), chairman, and Assemblymen John M. Burns (R-Manhattan) and Dominick DiCarlo (R-Brooklyn).

# Say Insurance Agent Bilked Friend's Widow

By Peter Egan and Edward G. Smith

Mineola—Howard Fried was more than just the insurance agent of the late Thomas Renzetti; he was Renzetti's longtime friend and neighbor. The two men had belonged to the same club, and they had played golf together.

Yesterday, police arrested Fried, 41, and accused him of cheating Renzetti's widow, Dorothy, out of \$30,327.69 in death benefits from a life insurance policy.

Police said that when Renzetti died last June 11, Fried offered to help clear up the estate for the grieving widow. Four days later, the day Renzetti was buried, Fried brought Mrs. Renzetti papers to sign, they said. One was a check for \$15,000 from the Guardian Life Insurance Co. of America. Fried deposited that check in Mrs. Renzetti's account.

Mrs. Renzetti said that at the time, she thought she had signed another check, but she wasn't sure. Then, she added, she went over her husband's checking account and noted the premium payments to Guardian. Thinking they were too high for a

\$15,000 policy, she called the company, police said, and was informed that Guardian had issued her two checks, not one. There was the \$15,000 check, police said, and there was a check for \$30,327.69.

The widow said that she confronted Fried with the report from the insurance company, police said, and that he denied having the money. Even after that, she held off notifying police until six weeks ago, hoping, she said, that Fried would pay her the money.

The widow, who lives at 23 Jackie Dr., Westbury, with her two daughters, 21 and 10, said she waited so long before going to the police with the information from the insurance company because she and her husband had known the Frieds for nearly nine years as good friends and neighbors. She said: "We belong to the same club and we went out socially and all. I was in shock when I learned of this. Tom and he (Fried) even went golfing together."

Mrs. Renzetti said that once she did decide on a course of action, though, she went all the way. The widow said that in addition to reporting the matter to police, she brought the issue before the State Insurance Board, and that the board, after an investigation, revoked Fried's broker's license Jan. 12.

Fried, whose address was given as 15 Laura Dr., Westbury, said last night, "I'm going to make restitution. I'm trying to raise the money." He was arraigned in Nassau County Court before Judge James L. Dowsey Jr., on a charge of first-degree grand larceny and released without bail pending a trial. No date was set for the trial.



Fried

# New Talks Open Today in Bus Strike

A new round of face-to-face negotiations was scheduled today in the larger of the two school bus strikes that have cut off service to about 65,500 Long Island children in 17 districts, but no new proposals were expected to be presented.

The meeting had been planned for yesterday, but the bus company's attorney-negotiator was delayed in Pennsylvania by a snowstorm. Nassau Labor Commissioner Robert MacGregor said the first face-to-face meeting in several days between bargainers for the Brothers Coach Corp. of Hewlett and the striking drivers of Local 1181, Amalgamated Transit Union (AFL-CIO), was rescheduled for today in his office. MacGregor and spokesmen for both sides in the dispute, which enters its ninth day today, said that no new proposals were in the offing. But MacGregor was cautiously optimistic. "If it's a breakthrough," he said, "we won't know until we get them

together." The strike has cut off bus service to 55,000 children in 14 Nassau districts and one in Suffolk.

State mediator Mario A. Procopio also was scheduled to attend the session, but he said last night that he had no new proposals to offer. The main issue in the dispute is drivers' wages. In the second strike, which began Monday against the Long Island Bus Co., the State Labor Relations Board has set a bargaining election for tomorrow between two vying drivers' unions. MacGregor said no new developments were expected until after the election, in the dispute, which cut off service to about 10,500 students in Farmingdale and West Hempstead districts.

At least one of the 15 districts affected by the longer strike will consider steps to invoke the bonding assurances in its contract with Brothers. Thomas Hagan, Seaford school board president, said he will propose at a board meeting tonight, "that we notify the surety company we will take action." He said he had no hope this would help

end the strike, but said he believed the district could press for payment "equal to the cost to the district for making arrangements to get the service" the bus company contracted to provide.

Officials in other districts involved doubted that such action would be meaningful, however. David Sallah, attorney for the Uniondale school board, said he had told the board that "in my legal opinion, the board cannot do a thing" to make up for the loss of bus service during the strike.

The districts are not paying the struck bus companies during the strike, and Edward J. Hassett, vice president of the East Meadow school board, said, "We can't go out and rent 40 or 50 buses. They just aren't available. We might be able to get four or five buses, but how would we determine which students to serve?" School superintendents reported that neither strike was having any adverse effects on attendance.