

Racketeering Charge Ends Charmed

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per of Lawrence, says he is owed \$150,000.

The deal can be traced back to when Hyman met John Mahoney Jr., secretary-treasurer of Local 808, in the late 1970s. Hyman's credibility grew in Mahoney's mind, he said, when he saw him greeting guests at a political fund raiser in August, 1980, at Antun's catering hall in Queens Village. Hyman was at the side of then-New York City Cultural Affairs Commissioner Bess Myerson, who was campaigning for the Democratic nomination for U.S. Senate. "He was an impressive guy," Mahoney said.

In the fall of 1981, Hyman and Forest Bedell, president of Penvest Inc., sold Mahoney on the idea of switching his union pension investment money from Connecticut General Life Insurance Co., where it had been earning 6.5 percent interest, to Penvest with the prospect of 14 percent interest. Mahoney said that he was under the impression that Hyman was a Penvest employee. Early in 1982, Local 808's pension fund placed the \$1.1 million with Penvest.

Early in 1982, Hyman agreed to pay Samuel Cooper \$500,000 for his 50 percent interest in two equipment-leasing and financing companies, Etna Leasing Services and Cooper Funding. Melvin Cooper owned the other 50 percent. Hyman and Melvin Cooper then merged the two companies to form Resource Capital Group.

Hyman and Melvin Cooper next borrowed \$1 million from Penvest in the name of Resource Capital Group, putting up their personal guarantees and all of the assets of their new company as collateral for the loan. In two civil suits brought by the Coopers, father and son, against Hyman and Penvest, the Coopers contend that Hyman was supposed to use part of the loan to pay the \$500,000 due Samuel Cooper. The suits state that only \$350,000 was paid.

The indictment states that the \$1 million lent by Penvest was used in the loan-sharking operation, with Resource Capital and Cooper Funding serving as fronts.

'I can never get in trouble. I'm always the guy on the outside. I don't want to be on the inside.'

— Jesse Hyman



Illustration / David G. Klein

Only \$10,000 of the million-dollar loan was ultimately repaid, and Penvest was forced to file for bankruptcy in December, 1983, to stave off creditors, including the Local 808 pension fund, which is still owed \$800,000.

Hyman's circle of acquaintances has been such that he sometimes popped up in other FBI undercover and sting operations. In late 1983, as part of an ongoing investigation of the boxing industry, two FBI undercover agents, posing as entrepreneurs with \$10 million to invest, approached Michael Franzese, whom the Justice Department says is a capo in the Colombo crime family, asking whether he could introduce them to boxing promoter Don

King. Franzese introduced them to Hyman, who then introduced them to a lawyer active in the boxing industry. The lawyer was supposed to serve as the bridge to King, who was recently indicted on charges of conspiring to evade federal taxes on more than \$1 million of income. But that final link in the series of introductions was never carried off, a source said.

Franzese, who is a codefendant in the loan-shark indictment, denies that he is a part of the Colombo family. In 1983, the New York City police department filed a chart with a U.S. Senate committee, depicting the structure of the Colombo family. Franzese does not appear on that chart.

Hyman's activities also thread through the evidence gathered from witnesses and investigators in a 1980 inquiry by the New Jersey State Investigation Commission of organized crime infiltration of dental clinics. As the incidents cited below demonstrate, Hyman continued to be the untouched man on the outside:

- In 1976, Hyman and Stanley Resnick of Morristown, N.J., with George A. Franconero as their attorney, formed New Jersey Dental Administrators to run dental clinics in New Jersey. As in Buffalo, unions provided the customers. Two years later, Hyman quit the New Jersey operation. Resnick, 58, was convicted in 1982 in a scheme to defraud banks by inflating the assets of the dental clinics. He was sentenced to a year in prison. Franconero, brother of singer Connie Francis, was cooperating with the New Jersey authorities in their investigation of organized crime's role in union-sponsored dental plans when he was murdered by two gunmen outside his North Caldwell, N.J., home in March, 1981.

- At the New Jersey Commission of Investigation's hearings in 1980, which uncovered the evidence leading to Resnick's indictment, New Jersey State Police Det. Sgt. Robert T. Buccino described how Hyman allegedly carried kickbacks to unidentified persons in Buffalo and Boston from Teamster pension-fund loans arranged in 1975 through Comillo Molinaro. Molinaro is an admitted Cleveland organized-crime family member. Buccino testified that Molinaro told him his Teamsters contact was "Jack Presser" of Cleveland. Jackie Presser, now president of the International Brotherhood of Teamsters, is from Cleveland. The New Jersey commission invited Presser to respond to the allegation, but he did not respond.

- John Riggi of Linden, N.J., who is a business agent of Laborers' Local 394 in Elizabeth, N.J., and who has been identified by law-enforcement authorities as the acting boss of the New Jersey DeCavalcante organized-crime family, testified at the

Wings' Unpayable Loan

By Kenneth C. Crowe

Donald Kulick lived in a comfortable house on Robbin Lane in Merrick in 1981, ran a flourishing Huntington Station business, Jo-Al Lumber Co., and was worth more than \$1 million.

Then Kulick, two lawyers, and a garment-industry executive from Bellmore opened Wings, a fashionable restaurant at 76 Wooster St. in Manhattan's Soho district. The decor was avant garde: neon, pink and gray with a lavish sunken dining room and a balcony bar; the food was nouvelle cuisine and expensive; the clientele was upscale. Limousines often crowded narrow Wooster Street.

The bill for transforming a Soho storefront into a pink palace was close to \$750,000, according to one source. "It cost megabucks," said a former business associate of the Wings investors.

And that helped put the four investors — Kulick, Robert Chandler of Bellmore and attorneys Howard Finger of Bellmore and Michael Ira Asen of Brooklyn — into a financial bind.

They turned to Cooper Funding Ltd., a finance company in Lake Success, to borrow \$125,000 just before Wings opened on Oct. 31, 1981. Unfortunately, Cooper Funding turned out to be a front for a loan-shark operation and the interest rate charged on the loan was 2 percent a week, according to a federal indictment. Why the Wings investors would agree to pay such a usurious rate of interest is unexplained. None of them would discuss it.

The loan proved impossible to pay off, according to one of Wings' owners, who asked not to be identified. "It was like a slow death. No matter what you did, you always had this problem. Nothing can flourish in that atmosphere," he said.

After just two years, the restaurant filed for bankruptcy. Court filings show that by the time the restaurant failed in October, 1983, Kulick had lent the operation \$300,000 out of his own pocket and another \$400,000 from Jo-Al Lumber; Chandler, the garment executive, had lent \$200,000; and Finger and Asen each had lent \$200,000.

When Wings went down, it took Kulick's and Chandler's fortunes with it.

One month after the restaurant's demise, Kulick's business, Jo-Al Lumber, went bankrupt — as a direct result, said the court filings, of the Wings bankruptcy. The next month, both Kulick and Chandler filed for personal bankruptcy. In the process, both Kulick and Chandler, who had signed their personal guarantees to many of Wings' loans, sold their homes to satisfy creditors. Kulick is now an employee of a Huntington lumber yard.

The financial sinkhole that Wings became might have been a factor, too, in the loss of close to \$300,000 belonging to boxer Davey Moore, the former junior middleweight champion.

A total of \$322,858 of Moore's money was invested in Penvest, a small New York pension investment firm, in a series of transactions beginning on Feb. 22, 1983.

Two days later on Feb. 25, 1983, Penvest lent \$35,000 to Wings, a loan personally guaranteed by Finger, Asen, Chandler and Kulick. Over the next two months, Penvest lent another \$25,000 to Finger and the others, according to promissory notes filed in a civil action in November, 1983, by Penvest seeking a judgment for recovery of the money.

Finger, who is Moore's acting manager, attorney and adviser, declined to be interviewed on the circumstances surrounding Moore's investment in Penvest and loans from that company to Wings and its principals. Moore could not be reached for comment.

In December, 1983, Penvest too declared bankruptcy. Among the bad investments that brought Penvest down was a \$1.1 million loan to Resource Capital Group, whose principals Jesse Hyman, a Roslyn Estates dentist, and Melvin Cooper, were key figures in the loan-shark ring that provided Wings with the usurious \$125,000 loan, according to the federal indictment.

It appears that most of Moore's investment in Penvest has been lost.