

# Iorizzo Role Sparks Fla. Tax Probe

By Robert E. Kessler

Larry Iorizzo didn't quit easily.

Faced in 1982 with federal and state investigations into his gasoline operation on Long Island, the former major oil dealer established a beachhead in Florida.

Iorizzo moved into a \$600,000 waterfront home in Boca Raton, complete with a 36-foot yacht named "The Sophisticated Lady," and began splitting his time among Long Island, Florida and another home in Panama.

Now federal and state investigators say that millions of dollars of gasoline taxes went unpaid in Florida. And they are investigating at least eight Florida corporations controlled by Iorizzo, his relatives, or by Long Islanders who had been associated with Iorizzo.



Newsday / Bob Luckey

Iorizzo last year

During the Florida probe, involving 30 agents and dubbed "Operation Tiger Tail," officials have also become convinced that organized-crime figures from New York are involved in gasoline tax-fraud schemes in the state.

Following his convictions last year on Long Island for theft of oil and for a scheme involving nonpayment of \$1.1 million in gasoline taxes, Iorizzo fled to Panama. Four months later, Panamanian authorities seized him near his \$800,000 Panama City villa and put him on a plane to Miami.

Iorizzo, who at one time controlled 200 Vantage gasoline stations on Long Island, is in poor health and faces up to 55 years in prison. He is now cooperating with the federal government in its ongoing investigation of the oil business and has been placed in the witness protection program. Iorizzo's lawyers declined to allow him to be interviewed by Newsday.

The once 420-pound Iorizzo has lost more than 100 pounds recently, and is suffering from a hernia and an intestinal tumor. Tests to determine whether the tumor is malignant have not been completed, according to sources familiar with the investigations.

Left behind in Florida are millions of dollars in liens filed by Florida law enforcement officials as part of their gasoline-tax probe and by trustees of the bankrupt Vantage corporation. Florida officials alone have filed tax liens totaling \$700,000 against the Boca Raton house, and another \$8.6 million against one firm under investigation. That firm, Houston Holdings, was controlled by Iorizzo, according to court testimony by Vantage's former accountant.

Complaints last year from other dealers about newcomers selling far below market prices prompted Florida officials to begin an investigation that mushroomed into a probe of the state's gasoline wholesale industry. The entire situation is to be presented to a Florida grand jury shortly, according to officials of the Florida Department of Law Enforcement. Three Florida oil company executives, apparently not connected with Iorizzo, have already been indicted on charges of failing to pay gasoline taxes, and the state has filed a total of \$18.6 million in liens against Houston and two other companies.

The Houston firm, which was incorporated in Panama and had operated on Long Island, began business in Florida in March, 1983, when it applied for a license to sell 30,000 gallons of gasoline a month, according to Florida revenue department records. In the months before it went out of business last August, it was actually selling more than 6 million gallons a month without paying state and federal taxes, according Florida law enforcement sources.

Much of the gasoline was sold, on paper, to another wholesale firm under investigation, Kendall Petroleum of Deerfield Beach, which also has gone out of business. Paul Kendall, the previous owner of the firm, said he sold his company in 1983 to a man who identified himself as a Long Islander. Also involved in the sale negotiations, Kendall said, was a Charles Yingst. Yingst, formerly of West Sayville, was a salesman for Houston and was Iorizzo's chauffeur at Vantage, according to investigators. Neither Yingst nor the purchaser, whom investigators believe was using an alias, could be located for comment.

"I wish I had never met those people," said Kendall, who is not under investigation. "I had a decent business. It's so embarrassing."

Another firm under investigation is Blue Bell Trading, a Panamanian corporation. The two people listed as officers of Blue Bell are the uncle and sister of Iorizzo's wife, Cheryl. Cheryl Iorizzo's uncle, William Rothfuss of Seaford, is listed as the president. Roth-

—Continued on Page 19



Newsday / Audrey C. Tiernan

A throng of autograph seekers surrounds Bobby Nystrom at team benefit

## \$750 for Shirt Off An Islander's Back

By Merle English

Roosevelt Field — The Islanders went on the auction block yesterday.

No, not the whole team — even though Coach Al Arbour has been dissatisfied with its play of late.

Just Clark Gillies' jersey, Pat LaFontaine's stick and other assorted paraphernalia, including pants, knee pads and helmets.

And even though the team has been struggling, the items went at fairly steep prices, ranging from a pair of \$30 tickets that brought \$110, to Gillies' jersey, which Sayville radiologist Ronald Hames bought for \$750, after some spirited bidding of course.

"It's a very valuable memento," said Hames, a 4-year season-ticket holder. "I'm going to wear it to the games, and I'll probably wear it around the house. I don't want it to be kept in a closet."

The auction of some 50 team items raised more than \$17,000 for the Easter Seal Society. The six hours of bidding, around a platform festooned with the Islanders orange and blue, took place in Roosevelt Field's Special Events Court.

The auction also gave the more than 1,000 fans — including entire families and teenagers wearing Islander shirts — a chance to meet some of their favorite players. Screams and clicking cameras announced the arrival of Bobby Nystrom, Denis Potvin, Bryan Trottier, Greg Gilbert, LaFontaine and others.

The Islanders responded to such calls as "Over here," "Oh my God, Pat, [LaFontaine] please look in this direction." Duane Sutter, the Easter Seal sports

chairman and his teammates autographed shirt sleeves, scraps of paper and just about anything that could be written on.

They also helped auctioneer Pete Stenkowski, a former New York Rangers center, display the items up for bid and commented on them.

Not that much selling was needed.

John Capobianco of Valley Stream said his family had come for "everything that Pat LaFontaine owns, except his underwear. We know he needs those." Capobianco paid \$550 for LaFontaine's hockey stick. "It's a lot of money," he said, "but it's for a good cause, and we wanted to buy the things the kids like."

Tony Carozza, 4, of Seaford, cleaned out his \$50 savings, and his family chipped in another \$275 to get him Pat Flatley's hockey stick that was autographed by the team, said Susan Stoehr, the boy's aunt. Another fan bought Potvin's knee pads for \$275. Paul Siegel of Levittown paid \$200 for a pennant for his daughter, Allison, 12, who he said, "wanted anything."

John Tonelli's hockey stick went to Dennis Shin of Commack for \$400, and Charles Clary, 20, of Hicksville paid \$110 for two tickets to the Islanders game against Philadelphia tomorrow night.

Hames, who bought the Gillies jersey, said the fact that the money went for the Easter Seal "made it much easier to bid. My wife was a little nervous, but she knew how bad I wanted it." Hames said he'd allow his son, Brad, 16, to wear the shirt sometimes.

# Iorizzo Key to Florida Probe of Gasoline Tax

—Continued from Page 6

fuss' wife, Connie, said this week that her husband was "too upset" by the situation to be interviewed. She said that he "never did anything wrong" and his total involvement had been to sign some legal papers while he worked for Iorizzo at Vantage. The sister, listed as secretary-treasurer, could not be reached for comment.

Other New York firms under investigation by Florida authorities include Conlo Petroleum of Farmingdale and SOS Petroleum of Tuxedo, N.Y. Several years ago, Iorizzo testified at a bankruptcy hearing that he brokered gasoline for Conlo on Long Island. Ron Weiner, an officer of Conlo, declined to be interviewed.

The head of SOS, George Spiegel, said he had had some business dealings with Iorizzo on Long Island in the 1970s. But he said he had sold only a small amount of gasoline in Florida, not the millions of gallons that Florida officials were questioning him about. Spiegel, who at one time controlled more than 100 gas stations on Long Island, said there was a possibility that other people were falsely using his firm's name.

The spread of the gasoline-tax fraud scheme to Florida was spurred in part by a change in the New York State tax law in 1982, according to investigators. The change was designed to curb tax frauds of the type for which Iorizzo initially had been charged — pocketing of taxes on retail sales.

But the law backfired. Public officials now agree that the change made it easier to cheat on gasoline taxes, and made cheating so lucrative that it attracted organized crime figures.

"The legislature opened a window of vulnerability big enough to drive Jones Beach through," said Raymond Dearie, U.S. attorney for the Eastern District. A grand jury empaneled by the Eastern District Strike Force is heading up the federal gasoline tax-fraud probe.

To prevent retailers from pocketing the tax money, the law made wholesalers responsible for collecting the tax from the retailers and passing it on to the government. But officials now concede that larger amounts of tax money can be pocketed under the new system. The tax fraud can be concealed by setting up a so-called "daisy chain" of fictitious sales between various wholesalers, while in fact the gasoline is sold to retailers. By the time the government can audit the books of all firms involved, the wholesalers are out of business and their principals have moved on with the retail tax money.

Many other states, including Florida, have laws similar to New York's. Investigators are now checking the apparent spread of the scheme from New York to as many as 13 states and the annual loss of up to \$1 billion of federal, state and local tax revenues. "It gets bigger and bigger every day we investigate it," says Thomas Sheer, head of the FBI's New York criminal and organized crime division.

The operators of such a gasoline tax scheme can attract retailers because the wholesalers sell gasoline at well under the market price. William Lank, head of the Florida Petroleum Marketers Association, said that sales of legitimate wholesalers dropped so sharply last year while the scheme was allegedly in operation in the Miami-Fort Lauderdale-Palm Beach area that several major oil companies hired private detectives to find out what was happening.

Florida officials are convinced that organized crime was also involved in the scheme and are investigating whether gasoline tax money was laundered through organized crime-controlled businesses.

"I don't want this to sound like the Godfather, but this is organized crime," Robert Dempsey, commissioner of the Florida Department of Law Enforcement, told a legislative hearing in Tallahassee last month. "We have definitely traced it to the Colombo family operating in New York and New Jersey . . . They had this well worked out before they got to Florida. We're very fortunate that we got it early in the game."

Among those under investigation in Florida along with Iorizzo is Michael Franzese of Old Brookville, according to Lew Wilson, the deputy director of the Miami office of the Florida Department of Law Enforcement.

At a recent trial in Suffolk County of a gasoline dealer charged with theft and bribery, Franzese was identified by Don Sullivan, head of the rackets bureau of the Suffolk County District Attorney's office, as a leading figure in organized crime's growing involvement in the gasoline industry on Long Island.

"Most prominently identified had been a gentleman by the name of Mr. Michael Franzese, who in my years in organized crime has been known as the son of Mr. John Franzese or Sonny Franzese and is one of the current bosses in the Colombo crime family in New York," Sullivan testified.

In Florida, Michael Franzese ran a movie production company, Miami Gold, out of the same Fort Lauderdale building from which Houston Holdings operated. At one point, the city of Miami Beach presented Franzese with a key to the city for producing "Cry of the City," a break-dancing movie using local teenagers.

Franzese, 32, who is currently on trial in connection with a loan-sharking case in New York, said during a lengthy interview this week at the Manhattan office of his lawyer, John Jacobs, that the records of Miami Gold had been subpoenaed by the Brooklyn grand jury. But Franzese said his records have regularly been subpoenaed by the government since 1980. He said he had no involvement in the oil business, and has never done anything illegal.

Franzese said that although he is a legitimate businessman who has produced three movies, he has been the constant target of government investigation, "because of my father."

"They can't believe I can be legitimate," he said of the government. Franzese's father, John, has been identified as a leading figure in the Colombo organized crime family.

Franzese said his only business relationship with Iorizzo had occurred in the 1970s when both were car dealers on Long Island and he had purchased automobiles from Iorizzo. On Long Island, Franzese said he had seen Iorizzo rarely.

One time stuck in his memory, though, Franzese said. That was when they both happened to be in a Huntington nightclub at the same time and the hefty Iorizzo had balanced a flower pot on his head and had danced around the room.

Franzese said that a mutual friend had suggested that he rent an office in the same building in which Iorizzo's office was located. In all the time he was in Florida producing "Cry of the City," Franzese said, he ran into Iorizzo only once.

# FOR A LIMITED TIME, THERE'S NO LIMIT.

## All You Can Eat Special. \$6.95. Sunday through Thursday.

Hurry in to Red Lobster® now and you won't want to hurry out.

Because every Sunday through Thursday, you can feast on as much seafood as you want.

Choose from five delicious Red Lobster favorites: Popcorn® Shrimp, Clam Strips, Broiled and Fried fish, or our scrumptious new favorite, Golden Scallops.

But you're not limited to one choice. After you finish one kind of seafood, you can switch to another. Then another.

But come in soon.

Our seafood is endless. But our offer isn't.

### Red Lobster®

© 1985 Red Lobster Inns of America.

Please consult telephone directory for the Red Lobster restaurant nearest you.

Most Major Credit Cards Accepted

2 weeks only!

# A&S

## Save on steam carpet cleaning

any 3 rooms for the regular price of 2

# \$48

3 rooms reg. \$75

Save on this gently powerful method of cleaning deep shags and soiled broadlooms. Our powered steam truck pulls into your driveway; only the wand and hose come into your house. Steam truck service available only to Long Island and New Jersey residents of private homes with individual driveways. You can keep carpets looking great with Chem-i-gard® soil retardant at an additional charge.

For apartment dwellers, our shampoo/steam process is only 19¢ per sq. ft. Ask about our home furniture cleaning services, too. Set up an appointment today. Just call (516) 938-7622. In New Jersey call toll free (800) 672-1939. And you can charge it to your A&S account.

Two room minimum, combined living room/dining room regarded as two rooms. Offer ends February 20 (d. 724)



You may charge this service on your A&S account. There is a \$30 minimum charge for all home cleaning services.

Brooklyn Queens White Plains Garden City Hempstead Manhasset Huntington Sunrise Smith Haven Monmouth Paramus Woodbridge Short Hills King of Prussia Willow Grove