PUBLIC MONEY/PRIVATE DEALS

SBA OKd Loans to Companies Linked to Alleged Mob Figures

This is the second in a five-part series on publicly financed smallbusiness loans, the result of a 13month investigation by reporters Brian Donovan and Bob Porterfield of the Newsday investigative team. More than 5,000 documents were examined and 120 persons interviewed. The series was written by Donovan.

• The SBA loaned \$150,000 to a St. James car lot, Auto Omni Inc., without discovering that its owner had a criminal record. When Auto Omni defaulted on the loan, another firm in which the owner was involved got a second \$150,000 SBA loan for a car lot at the same address. That company defaulted as well, leaving the SBA with no collateral for either loan.

tained by Newsday under the Freedom of Information Act. But key passages were censored. Information for this article has been assembled from public documents, interviews, and fragmentary SBA records obtained through

organization that deals in money has problems, whether it's a bank, the SBA, a finance company, anybody. There are guys sitting up nights trying to figure out ways to get something for nothing. Things do go through the cracks, and we make mistakes." Nevertheless, practices leading to such mistakes have been documented repeatedly in reports by congressional committees and the SBA's own inspector general. They include granting loans not backed by adequate collateral, relying too heavily on investigations of applicants by banks granting -Continued on Page 26

· · · · · · · ·

While various federal agencies fight organized-crime figures on Long Island, another one sometimes helps finance them: the Small Business Administration.

A Newsday investigation has found loans totaling \$1,635,000 from the SBA to at least six Long Island companies that have been linked to reputed organized-crime figures and their business associates.

All of these loans have become problems for the SBA — and the taxpayers - and the agency's handling of the loans illustrates some of the shortcomings that congressional investigators have found in SBA procedures around the country.

For example:

• The SBA loaned \$500,000 to an East Islip car dealership without asking questions that might have disclosed the financial interest of Michael Franzese, named by federal prosecutors as one of Long Island's major organized-crime figures. After a few payments, the SBA loan went into default.

• The SBA loaned \$250,000 to a Dix Hills country club run by Salvatore Avellino, since accused of being a mob soldier. Half of the money was supposed to have been used to put up a building. But when Avellino defaulted, the SBA found it couldn't foreclose because its collateral didn't include the land under the building.

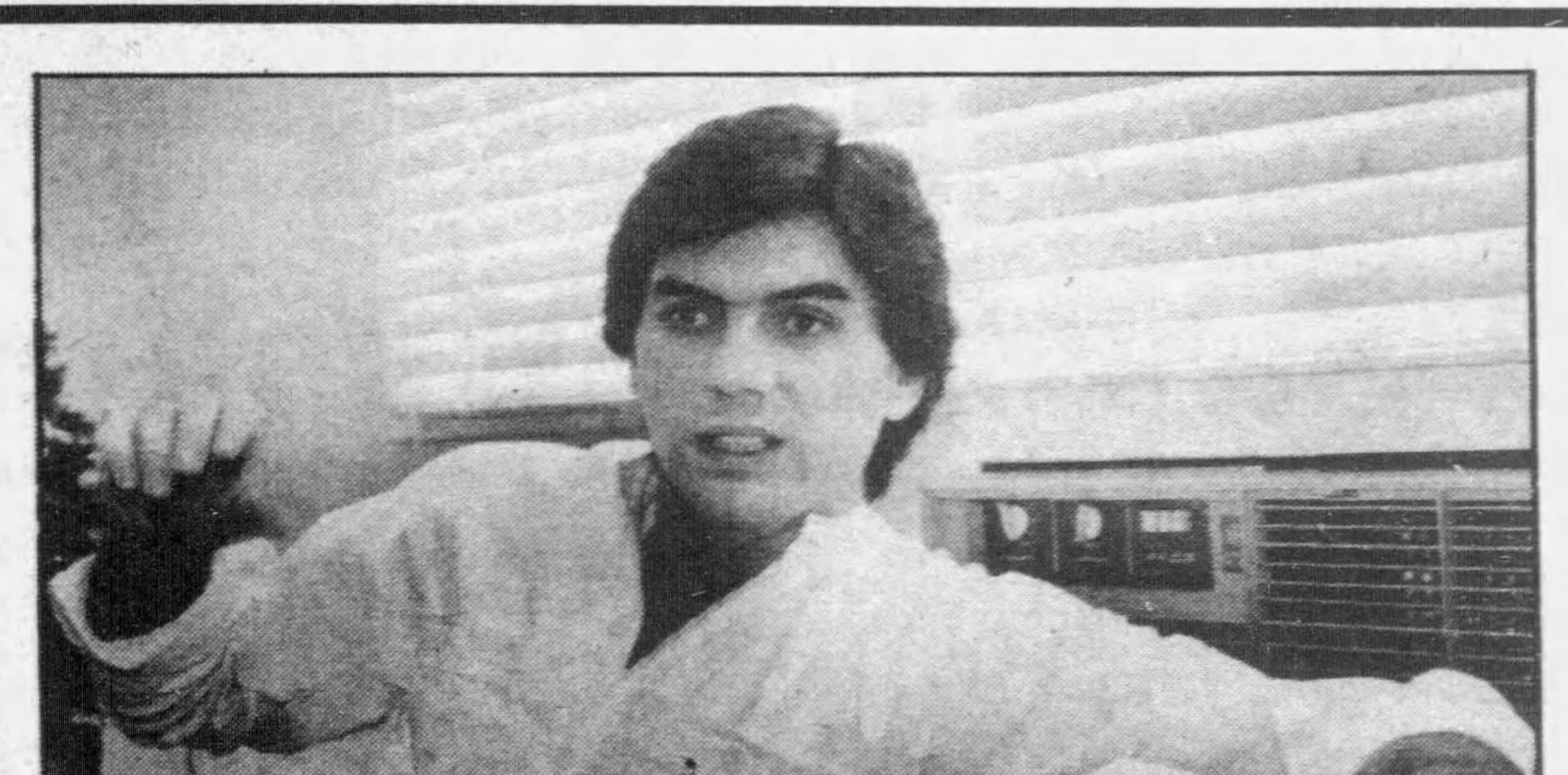
In some of these cases, deeper background checks could have established the criminal records or associations of the loan applicants. In other instances, closer attention to such basic procedures as verifying required business licenses and securing loan collateral could have prevented losses to applicants whose criminal activities or associations did not become apparent until long after the loans were granted.

Such cases, to be sure, represent only a small fraction of the hundreds of loans the SBA makes on Long Island, and SBA officials say they do not knowingly make loans to mob-connected businesses. Fraud against lending institutions is one of the specialties of organized crime, and SBA officials say it is not surprising that their agency sometimes gets stung. But the extent of this sting on Long Island remains in question. SBA officials have refused to release key records on these loans and others suspected of similar links to the underworld. Walter Leavitt, who heads the SBA's Long Island office in Melville, repeatedly said he was under orders not to discuss details of how these loans and others were granted.

other channels.

Leavitt said mob-related loans discovered by Newsday do not indicate that SBA operations here are more lax than elsewhere. Ever since the SBA went into business in 1953, periodic scandals have erupted around the country over loans to mobsters and their companies.

"I think it's happened all over the SBA, nationwide," Leavitt said. "Any



• The SBA granted a series of loans on a Smithtown restaurant despite its well-publicized history of mob involvement and defaulting on debts. SBA officials say that a \$350,000 loan on the restaurant is now delinquent, but the agency has negotiated away its first claim on the collateral.

• The SBA loaned \$150,000 to a Huntington car lot run by a Franzese associate, Donald Pumalo, without checking to see if he had the required state car-dealer's license, which he didn't. The loan helped keep Pumalo's corporation in business while he used the company to defraud a bank. He then defaulted on the SBA loan, leaving the agency no collateral.

The SBA has denied Newsday access to its records on failed loans, despite a federal court ruling that such files are public. Some records were ob-



Franzese says he's being persecuted because of his father's name

A Son's Fursuit Of Respectability

Michael Franzese has been described so often as the son of a leading mobster and as a sinister figure in his own right that he admits to a severe image problem.

"My name, thanks to the newspapers and law enforcement, seems to strike fear into everybody," he said. "I'm not going to take credit for creating this monster."

Federal prosecutors in open court have called Michael Franzese a member of the Colombo crime family. Close association with Franzese helped define a local loan shark as an organized-crime figure and got him a longer jail sentence. Franzese ple." is the target of racketeering investigations in Florida and New York. And he is awaiting trial in Nassau County on charges of felony assault. Franzese, 33, of Brookville, said he's the victim of publicity-hungry prosecutors trying to visit a father's sins on the son. He talks freely of his quest for respectability. And he argues that you can tell he's not a mobster because mobsters don't

lombo crime family. The senior Franzese, 65, of Roslyn, has an assortment of convictions, including one for bank robbery.

Newsday/Brian Donovan

Michael Franzese insists that he walks the tenuous line between being a good son and having nothing to do with the friends of his father, a man who, in any event, he says is innocent. "Just because I tried to get him out of prison and tried to prove his innocence, I've been labeled," Franzese said.

"Whatever my father is or might be or is alleged to be is one thing," he said. "We're two different peo-

AAY

985

Company	Comments	Amount of Loans	Status	
Rumplik Chevrolet	Federal authorities say partner is major organized crime figure	\$500,000	Default	
Raneri's Restaurant	Owner involved with loansharks	\$350,000 \$85,000	Delinquent	
Cars Galore Auto Omni			\$148,988 termed uncollectable	
ARJ Motors Inc	President of Auto Omni and agent of ARJ has been con- victed of possession of stolen property.	\$150,000 \$150,000	Both loans in de- fault, with \$277,524 owed	
Half Hollow Hills Country Club	Authorities say person who ran the club as a tenant is a Lucchese crime family soldier	\$250,000	Default, with \$321,498 in in- terest and princi- pal owed	

give interviews. "If I was in organized crime, this is totally out of character, sitting down and trying to have an interview to try to explain certain things," he said recently.

Franzese said that part of his problem is that he is the son of John (Sonny) Franzese, identified by law enforcement as a captain in the Co- they're trying to accomplish."

And, says Michael, knowing people and doing business with them are two different things.

"Do I know people?" he said. "Absolutely. I grew up in Brooklyn. I know people that my father associated with. That doesn't mean I have to do business with them. It doesn't mean I have to be part of any type of life they're alleged to be in. It's all nonsense. If they really want to be accurate involving me, they'll tell the truth - that I've been knocking my brains out since 1975, '76 trying to earn a living."

And, Franzese says, the constant attention he's getting from the FBI and local police doesn't make it any easier for him to earn an honest dollar. "I don't know . . . what

CT



EPUBLIC MONEY/PRIVATE DEALSE. Companies With Alleged Mob Ties Got SBA Loans

-Continued from Page 5 SBA-guaranteed loans, and failing to monitor collateral so it doesn't disappear when loans go bad. For instance, the General Accounting Office, the investigative arm of Congress, reported in 1981 that "SBA routinely honors the guarantee agreement with participating banks without knowing the existence, condition and location of collateral pledged to secure the loan." Only 4.6 percent of the collateral's stated value was recovered in the loan sample cited by the GAO. In 1983, the SBA inspector-general's office, which investigates mismanagement and corruption in the agency, criticized the New York district office, which includes Long Island: "The major causes attributable to the New York District Office of troubled loans were inadequate loan processing and, to a limited extent, closing and servicing practices, making possible loan actions based on incomplete and inadequate documentation and analysis, contrary to agency policies and procedures." The inspector general's office, however, is not without its own problems. Until last year, when Newsday began looking into the SBA, the agency had only one investigator from the inspector general's office assigned to the New York metropolitan area. Now, the New York office has three investigators to monitor one of the nation's major centers of business and organized crime. SBA officials say they have no system of liaison with local or state law enforcement agencies. The agency's only method for screening loan applicants for criminal connections is to send principals' names to Washington for an FBI computer check. "It's not foolproof," Leavitt said. He also said that added checks with local law enforcement and regulatory agencies would strengthen the loan procedure. But, he added, such a policy would have to be implemented on a national basis.

choose Doner to play an "Our Town" sort of character: the affable, folksy, small-town car dealer, active in Rotary, Chamber of Commerce, Little League, a trustee of his church. For Franzese, the role would likely be cast to type: the streetwise son of a prominent gangster, handsome, articulate, his manner alternately charming and steely, outspokenly bitter toward the government, veteran of several brushes with the law, target of an extensive federal investigation into his business dealings. Franzese, identified by federal prosecutors as a soldier in the Colombo crime family, denies any connection with organized crime. He was recently acquitted on loan-sharking charges and says he is the victim of the federal government's enmity toward his father: John Franzese, known as Sonny, a reputed Colombo family captain. Mismatched or not, Doner and Franzese were the main players in a chain of events that included a defaulted \$500,000 SBA loan and the financial collapse of one of East Islip's older businesses, a 58-year old Chevrolet dealership, Rumplik Chevrolet, of which Doner was president. The collapse also cost about 25 people their jobs and left behind at least \$300,000 in unpaid debts. Now Doner, who already is under indictment for tax evasion, says prosecutors have told him that he and Franzese will be named in another indictment. "Part of it is SBA fraud," Donor said, adding he believed neither he nor Franzese did anything wrong. Franzese invested \$100,000 in the business, borrowing the money from a bank and never repaying the loan. Walter Leavitt, who heads the SBA's Long Island office in Melville, said the agency had no idea of Franzese's involvement. His name is not on the 1982 loan application. "If I had seen that any place, it would have jumped off the page," Leavitt said. Federal sources said that Michael Franzese has been considered an organized-crime figure by the FBI for the past six years. Although the SBA has refused to release the Rumplik file, records obtained by Newsday show that the agency did not ask a key question that could have revealed Franzese's interest. Part of the loan was to start a car-leasing business at the agency. For tax purposes, car dealers generally form separate corporations to handle leasing. Nowhere in the voluminous SBA paperwork was Doner asked whether he would actually own the leasing corporation. That corporation was owned by Franzese. The Rumplik loan was a government-guaranteed loan made by the Money Store of New York, an SBAcertified lending institution then headed by Steven Gurian. Yesterday Newsday reported that Gurian, who also heads the Long Island Development Corp., has been involved in business dealings considered improper by senior SBA officials. But the SBA has refused to give Newsday a list of SBA-guara mismatch. A casting director might anteed loans made by the Money

Monday, May 6, 1985 120-FVF 323-VKR 63319-GK 1442-ALD 8674-TAE

You, too, can win \$100...a fantastic vacation for two...or maybe even the Jackpot Prize: a 1985 Cadillac Eldorado convertible.

Put a "#1: Newsday/Long Island" bumper sticker on the rear bumper of your car or truck. If your vehicle is spotted by a Newsday spotter in Nassau or Suffolk and your license plate number is published in Newsday...you're a winner!

Every Monday through Saturday during the contest period, we'll publish five license plate numbers in Newsday. If your license plate is among them, you win \$100 cash.

Every Sunday during the contest period, we'll publish one license plate in Sunday Newsday. If it's yours, you've won an exotic vacation for two. What's more, we're offering a different trip every Sunday!

This Sunday's winner will enjoy a seven-day vacation for two to Hawaii. They will fly round trip from convenient Long Island MacArthur airport via American Airlines, and will set sail from Honolulu aboard the luxurious American Hawaii Cruises. All meals, taxes and gratuities included. Arrangements courtesy of Austin Travel.

Finally, we'll publish one license plate number for the Jackpot Prize: a luxurious 1985 Cadillac Eldorado convertible.

To increase your chances of winnning, you can send in a snapshot of your car showing the Newsday bumper sticker and your license plate. See Rule 4B.

Don't have a Newsday bumper sticker? Want extras? See Rule 3.

If you're a winner, see Rule 6 on how to claim your prize.

It's Newsday's way of saying you're #1 with us, Long Island. So read the rules below and check Newsday every day to see if your license plate is published. Good luck.

OFFICIAL RULES

1. The Long Island Is #1 Sweepstakes is open to all registered vehicles of residents of Nassau and Suffolk counties, except for those belonging to Newsday employees, Newsday carriers, agents and members of their immediate fam-

2. Bumper stickers must be placed on rear bumpers only of registered vehicles.

3. If you did not receive a bumper sticker, of if you wish additional bumper stickers, you may obtain them free of charge at Newsday's headquarters, 235 Pinelawn Road, Melville, or at Newsday zone offices. For the address of the Newsday zone office nearest you, call (516) 454-2000. Bumper stickers may also be obtained by mail. Send a stamped (22¢) self-addressed envelope to Bumper Sticker. Promotion Department, Long Island, NY 11747. A business-size envelope is needed. (The envelope must be at least 4" x 9 1/2".) Bumper stickers available while supply lasts. Maximum of two per envelope.

6. To claim your prize if your license plate number is published, you must produce the vehicle registration and one other document of identification within five working days after the license plate number is published. This verification can be done at Newsday's main office, 235 Pinelawn Road, Melville, or at any one of these local Newsday offices: Bethpage Selden 984 Middle Country 428 Wantagh Ave.

A problem in the past, said Leavitt, has been pressure under previous administrations to make as many loans as possible. ". . . We had quotas. You didn't make your loans, you'd get calls from Washington saying: 'What are you guys doing up there?"" When a mob-connected company defaults on its SBA financing and goes out of business, the damage often goes beyond the loss to the taxpayers. Typically, the company also fails to pay its suppliers, which may be other small businesses unable to survive the loss, and runs up delinquent balances with utilities, insurance, workers compensation and state and local taxes — all losses that ultimately are passed on to the public.

4. Winning license plate numbers published in Newsday will be selected in random drawings from license plate numbers obtained in the following ways:

A. Newsday spotters in Nassau and Suffolk will write down license plate numbers of vehicles with bumper stickers. B. You may submit a snapshot of your vehicle showing the bumper sticker and your license plate. Please be sure your license plate number is readable. Mail your snapshot to Long Island Sweepstakes, Newsday, P.O. Box 2170, Long island, New York 11747. No pictures will be returned.

5. Every Monday through Saturday for six weeks, starting Monday, April 29, five winning license plate numbers will be published in Newsday. The owners of the vehicles bearing these license plate numbers (or the primary drivers in the case of leased or company vehicles) win \$100.

Every Sunday for six weeks, starting Sunday, April 28, one winning license plate number will be published in Sunday Newsday. The owner of the vehicles bearing these license plate numbers will win the vacation trip for two designated SDILLES DSDELLES

Franklin Square Patchogue 1052 Hempstead Turnpike 450 Waverly Ave. You may come to any of these locations on weekdays between 9 AM and 5 PM.

7. If the published license plate number is that of a company vehicle or a rented vehicle, the person claiming the prize must produce the vehicle registration and a written statement from the registered owner stating that he or she is the primary driver of the vehicle.

8. At the end of the contest, the Jackpot Prize - a 1985 Cadillac convertible- will be awarded to one license plate owner or primary driver. The same procedures for selection and verification will be followed. An announcement will be made in. Newsday about publication date for the Jackpot Prize winner.

9. Local, state or federal taxes, if any, are the winners' responsibility. Attachment of a bumper sticker on a vehicle indicates acceptance of all contest rules. Winners of prizes agree to allow publication of their names and photos in Newsday for no additional consideration. Prizes are nontransferable and non-redeemable for cash, nor are substitutions allowed.

10. Decisions of Newsday judges in all matters relating to the contest will be final.

11. No purchase is necessary. Copies of Newsday can be inspected free of charge at Newsday's Melville office or at Newsday local offices in Nassau or Suffolk. Copies of Newsday are also available for inspection at most public libraries. 12. Sorry, no published license plate numbers will be given

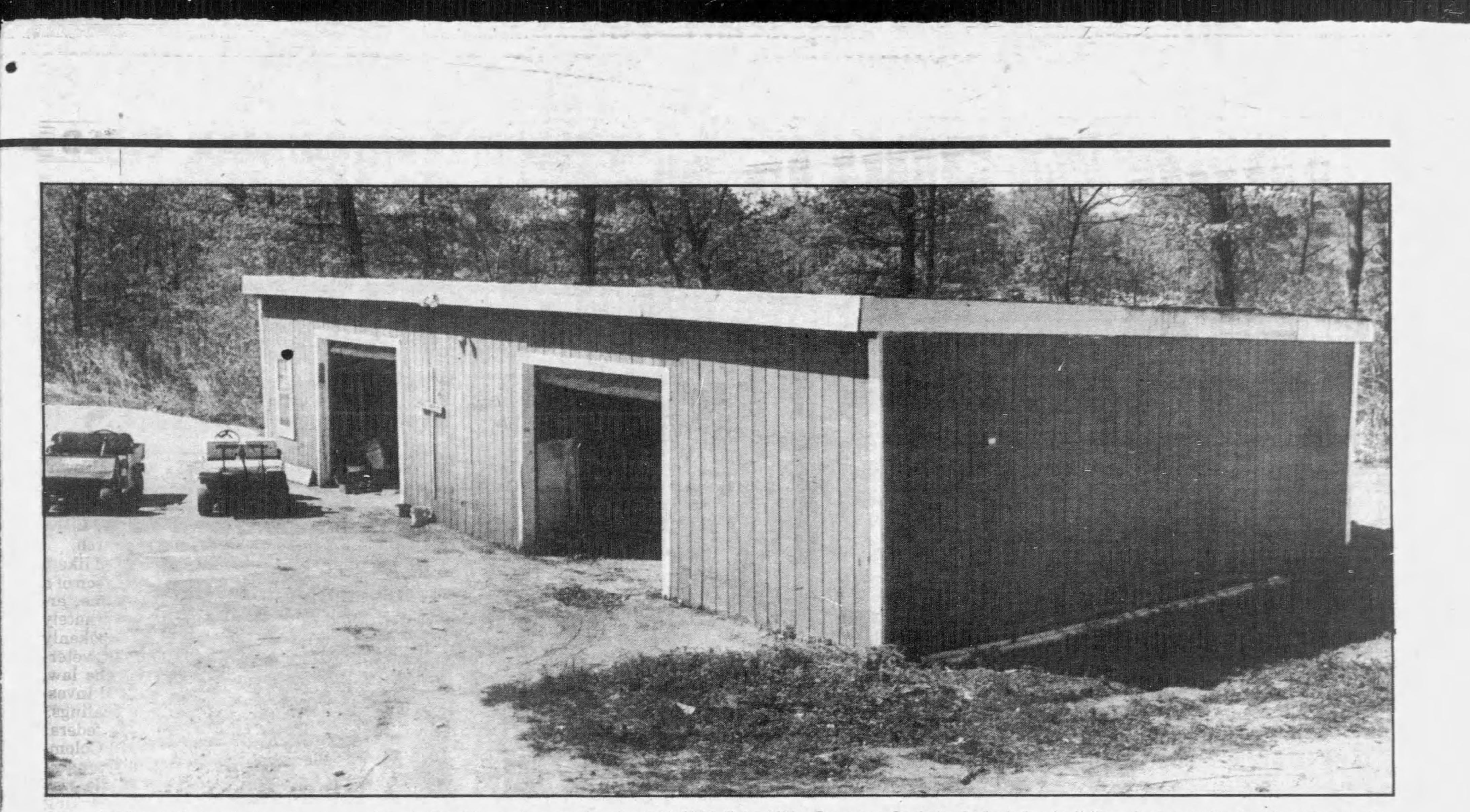
over the telephone. aw , loob eds garwolls

Rumplik Chevrolet

As business associates, Walter Doner and Michael Franzese seemed

A A I A I A A A A

· 8 1



The SBA's collateral on a loan used to build this golf-cart shack at Half Hollow Hills Country Club included the building, but not the land underneath

payments.

Store or any other SBA lending institution, calling the information proprietary.

Gurian told Newsday he had no direct role in recommending approval of the loan. "I can't tell you any of the details," he said. SBA records, however, show that Gurian attended a meeting to work out problems with the loan and wrote the SBA a letter urging approval. Gurian also said that he had never heard of Michael Franzese. But Franzese told Newsday he had met Gurian socially at Raneri's Restaurant in Smithtown. When Franzese decided to get involved with Rumplik, he said, he arranged for Doner to meet with Gurian. "I worked out a deal with Wally where I would get all the leasing business out of Rumplik Chevrolet," Franzese said. He said he had Doner meet with the restaurant's proprietor, Peter Raneri, whom he knew was friendly with Gurian. At the time, Raneri was deeply involved with organized-crime figures who helped finance his restaurant. Gurian acknowledged that Raneri brought Doner to him. As the Money Store and SBA processed the application, some irregularities emerged. Doner told officials his previous partner in the car agency, Thomas O'Donnell, had embezzled \$165,000 from the business, then paid it back in return for an agreement he wouldn't be prosecuted. (O'Donnell is in prison on an unrelated conviction and could not be reached for comment.) The business had tax liens against it, and the first loan closing had to be cancelled when the tax debts turned out to be greater than the application stated. Nevertheless, Leavitt said, the SBA approved the loan because officials considered the real estate to be excellent collateral and because of Rumplik's long reputation in the community. After only four payments, however, the loan went into default. Franzese and Doner acknowledged in interviews that some money from Rumplik went to other corporations owned by Franzese. Both said they could not recall exact sums, although Doner said one such transfer was \$40,000. But they described these transfers as repayments of loans from Franzese, and they blamed the business' collapse on corporate debts previously run up by O'Donnell. Doner PROPERTY AND A DECK

said Franzese was not responsible for Rumplik's collapse. "I like Michael," he said. "He did nothing to hurt me."

The Town of Islip has bought the foreclosed Rumplik building for \$615,000, more than enough to satisfy the SBA loan. Gurian and Leavitt cite this as evidence that the taxpayers' interests were adequately protected. But the SBA procedures that allowed Franzese's interest to go undetected

ment Corp., an SBA-certified development corporation.

Raneri later testified that he started borrowing from loansharks in 1976, a year before he got the SBA loan. The loansharks were Leopold Ladenhauf and Michael Crimi. Police, however, said the money came from Pasquale Macchiarole, a Genovese crime-family captain. Macchiarole installed his own manager at the restaurant. Later, Crimi was convicted of usury and sentenced to five years' probation for the Raneri loans. Raneri testified that the loans totaled \$91,000 and that he had to repay \$140,000 with weekly \$2,200

loan current plus keep a business in existence, which is our purpose." But the SBA also relinguished its status as first-mortgage holder on the building and property to a Fort Lee, N.J., funding company that was loaning Chateau Rose an extra \$350,000. Now, SBA officials say that the Chateau Rose loan is delinquent, and they are not certain how much the government will recover from its secondary lien on the collateral. Chateau Rose's owner, Victor Prague, blamed his financial troubles partly on the 22 percent interest he said he had to pay the Fort Lee company.

remain unchanged.

Raneri's Restaurant

SBA critics in Congress question the agency's practice of making repeated loans to the same financially shaky business. The new SBA loan is used, completely or in part, to pay off an older, delinquent SBA loan. That makes the SBA's lending record look better — clearing its portfolio, at least temporarily, of a bad loan. The practice, however, often puts the business into even worse straits, since the company assumes a bigger debt and, often, a higher interest rate.

The SBA's loans to Raneri's Restaurant and its successor corporation, Chateau Rose, offer an example. Although the SBA barred reporters from the loan files, Newsday found that the agency continued lending to the restaurant even after Peter Raneri's involvement with mob figures - and his debts to loan sharks - were extensively publicized. Then, when Raneri's delinguent SBA debt was assumed by new owners operating as Chateau Rose, the SBA relinquished its first claim on the best collateral: the land and restaurant building on a choice corner of busy Jericho Turnpike in Smithtown. When Raneri got his first SBA loan in 1977 for a new restaurant building, he was a well-known, popular restaurateur. He had received considerable publicity for resisting threats and vandalism from mob figures. His tires were slashed, his windshield broken, and he told friends that he and his children had been threatened. Raneri attributed the problems to his choice of a building contractor. The contractor was Ronald Parr, who had cooperated with Newsday and police to thwart mob infiltration of a horse racing track, now defunct, that Parr had built in Yaphank. Raneri got his first SBA loan for \$350,000 through Gurian's Long Island Economic Develop-

The year 1978 brought a blizzard of fresh publicity for Raneri's Restaurant. Macchiarole and Ladenhauf were found murdered. With Ladenhauf's body, police found a document signed by Raneri in which he agreed to turn over the restaurant to Ladenhauf and Crimi if he failed to make his payments. Crimi was indicted for Ladenhauf's murder (he was eventually acquitted), and Newsday published stories detailing Raneri's involvement

with loansharks. Nevertheless, the SBA approved a second loan, for \$85,000, to Raneri in May, 1979. Walter Leavitt, head of the SBA's Long Island office, said he did not know why the loan was granted despite the restaurant's known mob connections. By late 1981, according to an SBA memo, Raneri was bouncing checks, both on suppliers and the SBA. He was so far behind in payments on his 1977 SBA loan of \$350,000 that he owed \$152,413.81 in delinquent interest alone. At this point, the SBA held a first mortgage on the property, valued at about \$800,000, and could have foreclosed. But SBA documents obtained by Newsday show that the agency instead accepted a proposal by Raneri that new owners, Chateau Rose Inc., take over the restaurant with new SBA financing. The SBA approved a new \$350,000 loan. Leavitt refused to release records or answer questions on exactly how the money was disbursed, but Newsday learned that \$52,432 went to repay Raneri's 1979 SBA loan and that the interest payments on his 1977 SBA loan were brought up to date. The SBA's assistant branch manager, David Offenberg, wrote that by allowing the deal, "we will bring our

and the second second

Cars Galore

When Donald Pumalo opened his used-car lot, Cars Galore, in Huntington, he didn't bother getting the required state license for used-car dealers. And when the SBA granted Cars Galore a \$150,000 loan, the agency never bothered checking with the Department of Motor Vehicles.

Although the SBA regularly finances automobile-related businesses on Long Island, the agency has no system for checking their status with DMV, which licenses all dealers and repair shops and keeps records of disciplinary proceedings. "It never occurred to me," Leavitt said.

Pumalo, who law enforcement officials say is an associate of Michael Franzese, has worked in Franzese's various automobile businesses. But § Franzese said he had no financial interest in Cars Galore and no involvement with the SBA loan. "You o wouldn't want an interest in anything & he does because you're going to wind up in trouble," Franzese said. "Not because he's a criminal, but because he's just a typical used-car salesman, and he's a schemer." Pumalo has moved to Florida and could not be located for comment. While Pumalo was getting the SBA loan in 1978, he was using the corporation to defraud Chemical Bank of \$53,000 through phony installmentloan contracts for nonexistent people and cars, according to a 25-count indictment filed against him in 1981. He pleaded guilty to third-degree grand larceny and was sentenced to a year in jail. The same year, the SBA wrote off its loan as uncollectable, with -Continued on Page 28

1 4 4

the set of the



Companies' Links To Mob Examined

-Continued from Page 27

\$148,988 still owed. The agency refuses to release records showing why the loss was not offset by collateral. When Pumalo got out of jail, he became the used-car manager for Rumplik Chevrolet.

The Aveni Brothers

Joseph S. Aveni used to deal in stolen auto parts, but that was before he and his brother discovered the SBA.

In 1971, Suffolk police arrested Aveni as a partner in a Medford chop shop: a wrecking yard where stolen late-model cars were stripped for their parts. Although police estimated the sales at \$10,000 a week, Aveni was fined \$100 for possession of stolen property.

From 1975 to 1977, Joseph Aveni ran a Mazda dealership in Hempstead, then sold it to Michael Franzese and opened a car lot in St. James, Auto Omni Inc.

Auto Omni promptly got a \$150,000 SBA loan. In 1978, a used-car business at the same address, ARJ Motors Inc., applied for another \$150,000 SBA loan. This time the principal was listed on the SBA application as Ross Aveni, although DMV records show that Joseph Aveni was an authorized agent for the company. The second loan also was approved. Both went into default, with \$277,524 still owed. A federal source said that no collateral was ever collected; Leavitt has refused to comment. Since then, the Avenis have been convicted and fined \$1,000 each for altering odometers at Auto Omni. Ross Aveni also was arrested on charges of possessing gambling equipment when police raided what they said was a mob-connected casino, but the charges were dismissed.

Why would the SBA loan this kind of money to a man with a criminal record? The Avenis did not return calls, and Leavitt said he did not know. But a law enforcement source said that any screening system that relies solely on the FBI's Washington computer is bound to miss some local convictions.

Half Hollow Hills **Country** Club

It was also in 1981 that Salvatore Avellino Jr. defaulted on a \$250,000 SBA loan, leaving \$205,067 in principal and \$116,431 in interest unpaid. Avellino, owner of Salem Sanitary Carting Corp., has long been prominent in cartingindustry trade groups. According to law enforcement, he also is prominent in organized crime. Avellino, identified by federal officials as a Luchese crime family soldier, is close to the family's current boss, Antonio Corallo, better known as Tony Ducks. A government bug in Avellino's Jaguar recorded conversations with Corallo that led to what authorities call the most significant mob case in years: the recent indictment of members of the Cosa Nostra "commission" that allegedly controls the New York area's five mob families.

The SBA loan was for the Half Hollow Hills Country Club in Dix Hills. Leavitt would not discuss the loan in detail but said \$125,000 of

C.	Legal Notices	Legal Notices	Legal Notices	Legal Notices	the loan was for a new building and the rest
	<text><text><text><text></text></text></text></text>	<text><text><text><text></text></text></text></text>	<text><text><text><text></text></text></text></text>	fice in the East Meadow High School, Carman Avenue, East Meadow, New York on or before May 23, 1985. Art Supplies - Part I Art Supplies - Part I Art Supplies - Part II Art Supplies - Copper and Mart Supplies - Copper and Mart Supplies - Part VI Art Sup	"to acquire land and equipment to become a fully operational public golf course, nine hole, and tennis court facility." But investigators who have examined the building — an unheat- ed storage shed about the size of a three-car garage — say it probably cost no more than \$10,000 to build. And deed records show that Avellino never bought the land. He ran the club for a few years as a tenant, then went out of business. That left the SBA with the right to foreclose on the shed, but only by removing it from the property. The golf course is now be- ing operated under different management. Avellino, currently under a bribery indict- ment, has not replied to several requests for an interview. Leavitt said the SBA is still trying to negotiate a settlement. "Now, with his other problems, I don't know where we're going to oue out," Leavitt said. "But I wouldn't hold my breath."
		a to come a serie and the series considered and the series			

* * · · · ·

.

Z

NEWSD/

28