

■ G.M. IS TOUGHER THAN YOU THINK ● THE MOST ARROGANT UNION ■

# FORTUNE

NOVEMBER 10, 1986

\$3.50

## THE 50 BIGGEST MAFIA BOSSES

**THE CRIME  
BUSINESS**  
Who runs it,  
how they  
manage it,  
who profits —  
and loses



*No. 1 Boss  
Anthony Salerno  
heads the powerful  
Genovese family*

HOW THEY RANK IN WEALTH, POWER, AND INFLUENCE

RANK	NAME <i>Nickname</i>	AGE	HEAD-QUARTERS	STATUS	FAMILY	SOURCES OF INCOME
1	ANTHONY SALERNO <i>Fat Tony</i>	75	New York City	IN JAIL, ON TRIAL	Genovese	Construction, unions, gambling, loan-sharking
2	ANTHONY ACCARDO <i>Joe Batters</i>	80	Palm Springs	FREE	Chicago	Gambling, unions, loan-sharking
3	ANTHONY CORALLO <i>Tony Ducks</i>	73	Long Island	ON TRIAL	Lucchese	Garbage, extortion
4	GERARDO CATENA <i>Jerry</i>	84	Boca Raton	FREE	Genovese	Construction, gambling, casinos
5	GENNARO LANGELLA <i>Jerry Lang</i>	47	Brooklyn	IN JAIL, ON TRIAL	Colombo	Construction, loan-sharking, gambling
6	CARMINE PERSICO <i>Junior</i>	53	Brooklyn	IN JAIL, ON TRIAL	Colombo	Construction, loan-sharking, gambling
7	CHRISTOPHER FURNARI <i>Christie Tick</i>	62	New York City	ON TRIAL	Lucchese	Construction, unions, gambling, loan-sharking
8	SALVATORE SANTORO <i>Tom Mix</i>	70	New York City	ON TRIAL	Lucchese	Construction, unions, loan-sharking
9	PHILIP RASTELLI <i>Rusty</i>	68	New York City	ON TRIAL	Bonanno	Concrete, unions, loan-sharking, narcotics
10	VINCENT DINAPOLI <i>Vinnie</i>	49	New York City	INDICTED	Genovese	Construction, unions
11	RALPH SCOPO	57	Brooklyn	ON TRIAL	Colombo	Construction, unions
12	RUSSELL BUFALINO	83	Scranton, Pa.	IN JAIL	Bufalino	Sweetheart contracts
13	JOHN GOTTI	46	New York City	IN JAIL, ON TRIAL	Gambino	Loan-sharking, robbery, phonograph records
14	JOSEPH BONANNO <i>Joe Bananas</i>	82	Tucson	IN JAIL	Bonanno	Narcotics
15	SANTO TRAFFICANTE <i>Louis Santos</i>	71	Tampa	FREE	Tampa	Gambling, loan-sharking, narcotics
16	CARLOS MARCELLO <i>Little Man</i>	76	New Orleans	IN JAIL	New Orleans	Gambling, real estate, nightclubs
17	FRANK BALISTRERI <i>Frankie Bal</i>	68	Milwaukee	IN JAIL	Milwaukee	Gambling, liquor, teamsters pension fund
18	MICHAEL FRANZESE	35	Long Island	IN JAIL	Colombo	Movies, auto dealerships, bootleg gasoline
19	VINCENT GIGANTE <i>Chin</i>	57	New Jersey	FREE	Genovese	Unions, gambling, loan-sharking
20	JOSEPH FERRIOLA <i>Joe Nagall</i>	59	Chicago	FREE	Chicago	Gambling, extortion
21	JOSEPH AIUPPA <i>Joey O'Brien</i>	78	Chicago	IN JAIL	Chicago	Gambling, casinos, unions
22	GUS ALEX <i>Slim</i>	70	Chicago	FREE	Chicago	Gambling, political fixing
23	VINCENT ALO <i>Jimmy Blue Eyes</i>	82	Miami	FREE	Genovese	Gambling, casinos, money laundering
24	ANTHONY INDELICATO <i>Bruno</i>	39	New York City	ON TRIAL	Bonanno	Narcotics
25	MICHAEL GENOVESE <i>Mike</i>	65	Pittsburgh	FREE	Pittsburgh	Gambling
26	JOSEPH N. GALLO	74	New York City	FREE	Gambino	Pornography, real estate
27	PHILIP LOMBARDO <i>Benny Squint</i>	78	Miami	FREE	Genovese	Construction, gambling, loan-sharking
28	RAYMOND MARTORANO <i>Long John</i>	59	Philadelphia	IN JAIL	Philadelphia	Narcotics, unions, vending machines
29	ANTHONY PROVENZANO <i>Tony Pro</i>	69	New Jersey	IN JAIL	Genovese	Unions
30	JOHN CERONE <i>Jackie</i>	72	Chicago	IN JAIL	Chicago	Casinos
31	JAMES NAPOLI <i>Jimmy Napp</i>	75	New York City	FREE	Genovese	Gambling, loan-sharking
32	PAUL VARIO SR.	72	New York City	IN JAIL	Lucchese	Gambling, robbery
33	CARL DELUNA <i>Toughy</i>	59	Kansas City, Mo.	IN JAIL	Kansas City	Gambling, casinos
34	GENNARO ANGIULO <i>Jerry</i>	67	Boston	IN JAIL	Boston	Numbers, loan-sharking, money laundering
35	MATTHEW IANNIELLO <i>Matty the Horse</i>	66	New York City	INDICTED	Genovese	Unions, topless bars, loan-sharking
36	JAMES FAILLA <i>Jimmy Brown</i>	67	New York City	FREE	Gambino	Unions
37	JOHN RIGGI SR.	61	New Jersey	FREE	DeCavalcante	Construction, waterfront unions
38	LOUIS MANNA <i>Bobby</i>	57	New Jersey	FREE	Genovese	Construction, gambling, loan-sharking
39	JOHN DIGILIO <i>Johnnie Dee</i>	53	New Jersey	FREE	Genovese	Waterfront unions, gambling, loan-sharking
40	WILLIAM CAMMISANO <i>Willie</i>	71	Kansas City, Mo.	FREE	Kansas City	Gambling, loan-sharking, fencing
41	VINCENT MELI <i>Little Vince</i>	62	Detroit	FREE	Detroit	Steel hauling
42	VINCENT SOLANO <i>Vince</i>	67	Chicago	FREE	Chicago	Gambling, unions
43	NICODEMO SCARFO <i>Nicky</i>	57	Atlantic City	FREE	Philadelphia	Gambling, numbers, unions
44	TINO FIUMARA <i>George Grecco</i>	46	New Jersey	IN JAIL	Genovese	Waterfront unions
45	DONALD ANGELINI <i>Dan Angel</i>	60	Chicago	FREE	Chicago	Gambling
46	PETER MILANO <i>Pete</i>	60	Los Angeles	FREE	Los Angeles	Gambling
47	PAUL SCHIRO <i>Paulie</i>	45	Phoenix	FREE	Chicago	Gambling
48	CHRIS PETTI	47	San Diego	FREE	Chicago	Gambling
49	ANGELO TUMINARO <i>Little Angie</i>	81	Unknown	FUGITIVE	Lucchese	Narcotics
50	FRANK BUCCIERI <i>The Horse</i>	62	Palm Springs	FREE	Chicago	Loan-sharking

Based on information from FBI agents, federal prosecutors, and local law enforcement officials, FORTUNE compiled this list of top Mafia leaders, their territories, and their lines of business. Although 17 of the mobsters are in jail, they retain their power, issuing orders by phone and through visitors.

By Roy Rowan REPORTER ASSOCIATE Andrew Kupfer  
November 10, 1986

(FORTUNE Magazine) – COVER STORY

## THE 50 BIGGEST MAFIA BOSSES

Meet the men who manage a \$50-billion-a-year business that reaches into almost every U.S. city.

They face familiar problems: aging leadership, less dedicated younger employees, increased foreign competition. And now the feds are trying to wreck their profit centers.

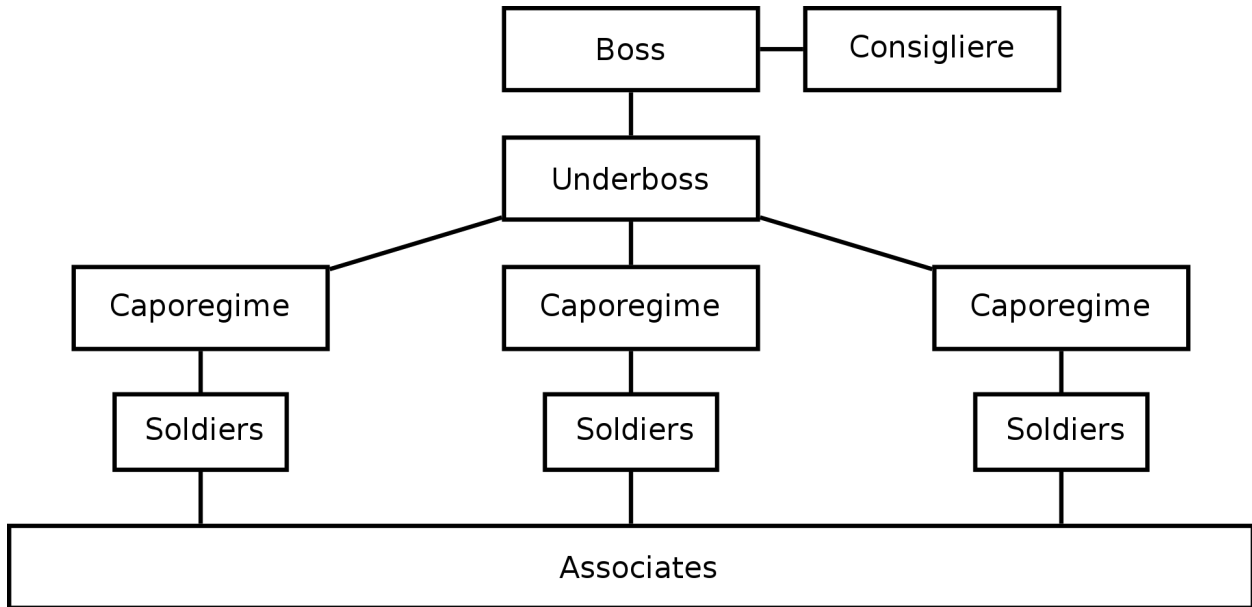
### CRIME PAYS.

Annual gross income from the rackets will probably exceed \$50 billion this year. That makes the mob's business greater than all U.S. iron, steel, copper, and aluminum manufacturing combined, or about 1.1% of GNP. These figures, compiled for the President's Commission on Organized Crime, include only revenues from traditional mob businesses, such as narcotics, loan-sharking, illegal gambling, and prostitution. They do not include billions more brought in from the mob's diversification into such legitimate enterprises as entertainment, construction, trucking, and food and liquor wholesaling.

The industry that runs this huge part of the economy comprises crime families, not companies. Wharton Econometric Forecasting Associates, in a study prepared for the President's Crime Commission, found that the mob's hold on the economy stifles competition and siphons off capital, resulting in a loss of some 400,000 jobs, an increase in consumer prices of 0.3%, a reduction in total output of \$18 billion, and a decrease in per capita disposable income of \$77 a year. Since organized-crime members cheat on taxes, the rest of the population will pay an estimated \$6.5 billion more to the Internal Revenue Service this year.

The organization chart of a crime family or syndicate mirrors the management structure of a corporation. At the top of the pyramid is a boss, or chief executive. Below him are an underboss (chief operating officer) and a consigliere (general counsel). Then follow ranks of capos (vice presidents) and soldiers (lower-level employees who carry out the bosses' orders). Like corporations, crime groups often rely on outside consultants (see box, page 34).

## The 50 Biggest Mafia Bosses



For this story FORTUNE interviewed FBI agents, leaders of federal organized-crime strike forces, and local law enforcement officials across the U.S. On their assessment of the wealth, power, and influence of the crime bosses, FORTUNE has ranked them from 1 to 50 on the facing page.

In spite of its clout, organized crime is an industry in crisis. The leadership is old, and the next generation of managers seems to lack spirit, dedication, and discipline. "Today you got guys in here who never broke an egg," a New Jersey Mafia leader complained in a conversation bugged by the FBI. Another reported that a disrespectful underling had addressed him by his nickname. The FBI says that the Mafia membership is shrinking. To bolster the lower ranks, the bosses have been recruiting tough young trainees from Sicily, called "Greenies."

The Mafia, the largest and best-established crime organization, is up against forceful new competition from Asian and Latin American underworld groups that specialize in heroin, cocaine, and marijuana (see box, page 38). These drug smugglers and dealers not only have destroyed the monopoly that the mob once had but also have put some Mafia veterans in the uncomfortably subservient role of acting as their distributors.

The most serious challenge comes from federal law enforcement officials, who are now effectively using the 16-year-old Racketeer Influenced and Corrupt Organizations (RICO) statute to prosecute mobsters. G. Robert Blakey, the Notre Dame law professor who drafted the 1970 law, says that it usually takes prosecutors some time to recognize the force of new legislation. Recent indictments under the RICO statutes have brought about half the 50 most important crime members to trial, including No. 1, Tony Salerno, godfather of the Genoveses, the strongest Mafia family.

Salerno is a defendant in the so-called Commission trial in New York. The government is trying to convict him and six other members of the Mafia's national ruling council, the Commission, of being part of a racketeering enterprise. Most of the accused sit stone-faced and silent in the courtroom. But Carmine Persico (No. 6), the basset-eyed boss of the Colombo family, is acting as his own lawyer.

Pressure from law enforcement agencies is forcing the mob to change some of its management techniques. Members of the Commission used to gather in large ceremonial "sitdowns" to settle their business problems. The FBI's extensive use of wiretaps and electronic bugs have made sitdowns prime surveillance targets, and these meetings have become less frequent affairs. The Mafia leaders are even reducing business lunches and dinners in their old public hangouts. Wherever possible, bosses use couriers to pass along their orders. Mafia chieftains are also trying to snuff out disputes, which can flare in public and attract further FBI attention. But their voracious appetite for money usually defeats such nonadversarial policies.

The Mafia has always been able to surmount its other problems, overpower its adversaries, and outrun the feds. Even if the Commission members are jailed, their operations will continue. Bosses behind bars are not powerless. Their "access to telephones is virtually unlimited," assistant FBI director Oliver Revell told a Senate committee in 1983. The late Nick Civella, he pointed out, "was running the Kansas City mob from federal prison."

If the Commission members' prison terms are long or if they die in jail, new leaders will rise in each family to take their place. Their replacements, whose names appear below them on the top 50 list, may turn out tougher still.

The culture of organized crime -- based on greed, tenacity, and discipline -- remains strong. Mob members call each other "wise guys," and so-called wise-guy rules define a strict code of conduct. For one thing, a member who vouches for someone who ultimately betrays the organization takes the hit -- usually before reprisals against the stool pigeon. For another, if a fixer takes a mob payoff, he must produce precisely what he promises. No excuses or refunds are accepted.

The crime industry is organized geographically. Though the mob's grasp reaches most major cities -- Seattle is an exception -- two-thirds of the Mafia's membership is concentrated in New York and Chicago. The Commission adjudicates territorial disputes, settles business conflicts, and even passes on execution sentences.

Five sometimes-warring Mafia families control New York City -- the Genoveses, \* Gambinos, Luccheses, Bonannos, and Colombos. Induction into these families involves a swearing-in ritual that calls for the taking of a secret oath and the giving of a drop of blood. In Chicago a single Mafia organization called the Outfit runs matters with less friction. There the initiation rite is consummated like a business deal, with a handshake. The Outfit also influences mob activities in Milwaukee, Kansas City, Phoenix, Las Vegas, and Los Angeles.

According to the FBI there are only about 1,700 sworn, or "made," Mafia members. For each member, the government figures there are ten "associates." Wharton Econometric Forecasting Associates estimates that the average annual income for an individual organized-crime member was about \$222,000 between 1979 and 1981. Of course, the haul for the top 50 crime bosses would be much higher. The forecasters used data from the FBI as well as income statistics from the IRS -- gross income from tax returns and average unreported income from criminal and civil cases. Wharton also estimated that associates made an annual average of \$61,000 over that period. Associates advance to full membership in the organization by loyally carrying out orders and by being willing to kill. According to the Wharton study, some 265,000 people are employed in businesses run, at least in part, by organized crime.

Underworld leaders often reinvest their swag, kickback money, or bribes in legitimate enterprises. Such diversification is less risky than expanding an illegal operation. Furthermore, benign business can camouflage much criminal activity and reduce the danger of prosecution for income tax evasion. In doing business with law-abiding companies, mob leaders have learned to cash in on their notorious reputation without automatically resorting to violence. Fraud and intimidation are their favorite tactics. Says Steven J. Twist, chief assistant attorney general of Arizona: "The dangerous thing about organized crime today is it has become semilegitimate." A common racketeer strategy is to control a union so that it willingly signs cut-rate "sweetheart" contracts with mob-run companies and threatens to strike competitors. Underworld leaders have used unions to influence and infiltrate many legitimate businesses, from warehouses to nightclubs. Wharton forecasters figure that the involvement of organized crime tends to push prices up between 0.5% and 2% in these and related industries, such as food and liquor distribution.

A corrupt union is a profit center. It offers almost unlimited opportunities for extortion through the use of "ghosts" (fictitious workers) and "no-shows" (employees who do not come to work) and the threat of slowdowns. Mob-controlled unions and labor-leasing companies supply security guards for nuclear power plants, garbage collectors for most New York City office buildings, and truck drivers for Shell Oil, Coca-Cola, and International Paper, among many others. "A union can be used instead of a gun or a baseball bat," says Edward McDonald, chief of the Organized Crime Strike Force in Brooklyn.

ANTHONY SALERNO, 75, whose name appears first among the top 50, heads an underworld conglomerate with enterprises on both sides of what for him, at least, is an indistinct line separating illegal from legitimate business. Known as "Fat Tony" ("Too fat to flee," chide his underworld cronies), he presently resides at the Metropolitan Correctional Center in Manhattan, next door to the U.S. Southern District Court, where he and other alleged Commission members are on trial. Salerno's power does not stem solely from his position as head of the 300-member-strong Genovese family.

Even before he became boss in 1980, Salerno made more money than most Mafia chieftains, mainly by skimming from casinos in Nevada and the Caribbean. Skimming is taking cash off the top of gambling proceeds before they are reported as taxable revenues. Law-abiding casinos take pains to prevent skimming; in mob-controlled casinos the practice is encouraged and widespread. The easiest way to skim is to simply walk into the counting room and take the money, a casino operator was overheard by the FBI to say.

A recent indictment charges Salerno and his cohorts with operating a number of illegal gambling joints for betting on numbers and sports. In addition, they make "extortionate extensions and collections of credit" -- that's how the Justice Department defines loan-sharking. Salerno is accused of using "threats and beatings to force victims to pay illegal interest and to repay loans."

Crime boss No.1 also has thriving business interests in New York City's construction industry. According to Justice Department disclosures in the Commission case and in another racketeering indictment, between 1981 and 1985, Salerno and his colleagues imposed a 2% Mafia tax on New York City contractors pouring concrete for all superstructures costing more than \$2 million. They ran a cartel that rigged bids for supplying the concrete. The cartel decided in advance which company would submit the winning bid. Other companies were forced to put in bids that were unacceptably high. The 2% tax alone produced \$3.5 million in profits for the Mafia on the 72 construction jobs the government investigated. That's only a fraction of the buildings that have gone up in New York's recent real estate boom, for which the mob supplied concrete. One witness told the President's Crime Commission that the mob has inflated Manhattan construction costs by as much as 20%. Salerno, according to the indictment, "is a hidden partner" in a covey of companies that bid on the concrete construction work. Together they have won contracts worth more than \$71 million from ten big construction jobs, including Trump Plaza, a luxury apartment building on Manhattan's East Side.

The government charges that bidding on these projects was further rigged in favor of Salerno's companies through collusion with two ready-mix firms: Certified Concrete Co. and Transit-Mix Concrete Corp. Both are owned by Edward J. "Biff" Halloran, who is better known for the midtown hotel Halloran House, which he once owned. He denies any collusion. Any contractor who dared bid against the mob cartel faced a cutoff of ready-mix or problems with its delivery. The federal indictment charges that Salerno also holds sway over Teamsters Local 282, whose members drive concrete delivery trucks. A punishment for recalcitrant contractors: delays and other, more serious labor problems.

Salerno's hand in union affairs reaches right to the top. The Justice Department charges that it was he who "selected" Roy Williams to lead the International Brotherhood of Teamsters in 1981 and then ordered union officials to elect him president. Williams was imprisoned for conspiring in 1979 to bribe Howard Cannon, then a U.S. Senator from Nevada. Even so, federal prosecutors say that Salerno continues to hold "effective control" of the union under the current president, Jackie Presser.

Tony and his wife, Margaret, often relaxed at their estate in Rhinebeck, New York. For the five years that ended last December, they were a two-income family. The government charges that Marathon Enterprises, a New Jersey food-processing company, paid Margaret "brokerage fees" on sales of hot dogs and other delicatessen foods to supermarkets, sports arenas, and street vendors. She received these payments even on sales to such reputable companies as Chock Full O' Nuts (restaurants), Pathmark (supermarkets), and Canteen Corp. (vending machines). The Justice Department claims that Genovese soldiers arranged the kickbacks by threatening Marathon with "force, violence, and fear of economic loss."

For all his wealth and power, Salerno operated modestly before being arrested. His office was not in one of the gleaming midtown Manhattan towers whose construction costs he had driven up, but in the Palma Boy Social Club, in a storefront in teeming East Harlem. For a long time Salerno attended to business at the Palma or pattered around his Rhinebeck estate without encountering much trouble from the feds. His principal worry was his weight, and he spent weeks at fat farms trying to slim down. The plump times ended after the FBI planted a bug in the Palma Boy Club, which produced much of the evidence for the racketeering charges Salerno now faces. Even if he is convicted and sent to prison, Salerno will probably continue his unchallenged control of the Genovese family.

CHICAGO'S BOSS, Anthony Accardo, 80, boasts that he has never spent a night in jail. Like many a chief executive lately, he was called back from retirement (at the Indian Wells club near Palm Springs, California) when the organization he had long headed faced a sudden management crisis: The leadership of the Chicago Outfit was packed off to jail early this year. Accardo's renewed position raises him to No. 2 on the list. Accardo is reputed to have been a machine-gunner for Al Capone, and he is called "Joe Batters" by his Mafia cronies because of the baseball bat he formerly used for persuasion. He has always been a master of strategic planning. His formidable Outfit is a racketeering combine that runs everything from diaper services to funeral parlors; its efficiency is envied throughout the Mafia.

Accardo was the architect of the intricate power plays that made the Outfit the dominant force in the rackets from the Great Lakes to the Pacific over the past decade. Now, with a cadre of couriers winging back and forth from Chicago to California, he functions as the chairman of the board. His operations chief in Chicago is Joseph Ferriola, 59, a disciplined underboss who survived heart bypass surgery last year and is No. 20 on the list. Ferriola's organizational skills are well known. In the Seventies he muscled back into the fold the bookies in Chicago who had tried to be independent.

Discipline is the Outfit's guiding management principle. The Chicago mob imposes a "street tax" on all illegal activities and on some legitimate ones as well. Bookies, hookers, narcotics peddlers, even owners of bars, restaurants, and parking lots pay from 10% to 50% of their gross revenues, depending on the profitability of their operations and the amount of protection required to keep them running. Another city with a street tax is Philadelphia. But organized-crime leaders there have not been very effective in collecting it -- not even after the so-called Docile Don, Angelo Bruno, was murdered in 1980 and replaced by the violence-prone Nicodemo Scarfo (No. 43) in a prolonged 18-death gang war in the City of Brotherly Love.



The Outfit maintains especially tight discipline over its internal security. Chicago insurance executive Allen Dorfman, a sophisticated money manager, pioneered the use of union welfare and pension funds to finance an underworld bank in the 1960s. First he funneled loans from the Teamsters' Central States pension fund to several casino-hotels in Las Vegas. Then he showed Accardo and associates how to establish health care organizations in which participating doctors and dentists gave the Outfit kickbacks after overcharging union patients. Dorfman, who personally received kickbacks for processing the Teamster loans and insurance claims, knew too much about the Outfit's finances. He was gunned down in a suburban Chicago parking lot in 1983.

Beginning in 1970 strongman Anthony Spilotro was stationed in Las Vegas to monitor casino skimming and to see that the money flowed smoothly back to his bosses in Chicago. Known as "Tony the Ant" because of his squat, close-to-the-ground appearance, he did not keep an appropriately low business profile, operating out of a Las Vegas hamburger joint called the Food Factory. From there he dabbled in real estate and set up sidelines to control burglary, fencing, and prostitution on the Strip. But Spilotro failed to keep the skimming operation well disciplined. Some of the men he supposedly controlled turned up as government witnesses, resulting in the January conviction of Chicago's former ruling duo, Joseph Aiuppa (No. 21) and John Philip "Jackie" Cerone (No. 30). Imprisoned with them were seven other gang leaders, including Carl DeLuna (No. 33), the Kansas City mob's comptroller, whose meticulously kept financial records were uncovered by the FBI (see facing page).

Last June, Tony Spilotro and his brother Mike were found buried in an Indiana cornfield. Investigations suggested they had been garroted and may have been buried alive. In any case, they were victims of wise-guy rules: They had not prevented the guys from spilling the beans, so they suffered the consequences. "There's no way Spilotro could have been killed without Accardo's approval," says Patrick Healy, executive director of the Chicago Crime Commission. Spilotro's execution may lead to the disintegration of an important peace-keeping pact, hatched by Accardo in 1977, that ceded authority in Las Vegas to the Outfit in Chicago and gave Atlantic City to New York Mafia families. Former FBI agent William Roemer, who spent 23 years tailing Accardo and his cohorts and now is a consultant to the Chicago Crime Commission, says the deal had a grandfather clause. "According to the 1977 agreement, the Eastern mob could keep what it had in Las Vegas, but it couldn't start anything new. Spilotro was there to enforce the edict."

In the confused aftermath of Spilotro's death, competition from New York is challenging the Outfit's hegemony in Las Vegas. Federal and state authorities as well as the Las Vegas police have detected a resurgence of Eastern mob activity, particularly by the Genoveses. "The Outfit's beat up real bad," says an undercover cop. "Not just in Chicago, but here in Las Vegas. The New York guys are taking advantage of it."

Police say that Vincent "Chin" Gigante (No. 19), a Genovese capo, is seizing much of the power previously held by the Outfit and dispensed through Spilotro. Gigante is gigantic, a hulking former boxer who fits the Genovese rough-and-tumble style. He serves on what amounts to the Genoveses' three-man executive committee, with Tony Salerno and Louis Manna (No. 38). The aftershock of Spilotro's assassination and the vacuum it has left in Las Vegas have hurt the Outfit's reputation on the West Coast. Other mobsters have taken to calling its California operatives the "Mickey Mouse Mafia." This doesn't bode well for West Coast boss Peter Milano (No. 46), who is supported by Accardo in Los Angeles. When a franchise operated by the Outfit turns sour, it can prove terminal for any field representative connected with it. What is happening on the West Coast may be a mild precursor of things to come in Chicago. The aged Accardo has heart disease, and when he dies the Outfit may find itself in turmoil.

AMONG THE MAFIA'S aging executives a true yuppie has emerged. Michael Franzese (No. 18), the son of convicted bank robber and Colombo chieftain John "Sonny" Franzese, is a fast-talking 35-year-old businessman and handsome father of five. He put together a cartel that produced feature movies (including the horror film *Mausoleum* and a youth-gang musical called *Knights of the City*), ran a discotheque, sold and repaired automobiles, operated construction firms, and achieved a near monopoly of independent gasoline sales on Long Island. Mike seemed to strive to shed the reputation of his father, telling the press last year: "Absolutely, I know people that my father associated with. That doesn't mean I have to do business with them, or have to be part of any type life they're alleged to be in. It's all nonsense." A 28-count, 99-page federal indictment tells another story. The government accuses young Franzese of ripping off more than \$5 million in tax fraud, insurance fraud, fraudulent loans, and the fraudulent operation of two auto dealerships. The victims of his car sales scam included General Motors, Mazda Motors of America, and Beneficial Commercial Corp.

Investigations also reveal that he cheated New York, New Jersey, and Florida out of hundreds of millions in gasoline taxes. The gas tax scam was accomplished through what federal prosecutor Jerry D. Bernstein calls a "daisy chain of phony companies." Some 20 Franzese oil and gas distributors would make paper sales of gasoline from one company to another until the whole tax bill was owed by one firm known as the "burnout company." It consisted only of a mailing address, a telephone, and a corporate principal who was an illegal alien. The burnout company, in turn, sold the gas to retailers with an invoice marked "all taxes paid." Then the burnout company would declare bankruptcy, and Franzese would create another daisy chain.

In spite of his clean-cut image, Mike Franzese inherited his father's business tactics and violent ways. According to Bernstein, one of his goons broke the head of a competitor with a ball peen hammer. And an auditor who questioned Franzese's books was threatened by a Franzese associate: "You don't know who you're bleeping with. We'll cut your heart out." Franzese told a friend who could implicate him in the gasoline tax scam that the man's son would be murdered if he didn't vanish beyond the reach of U.S. courts. The man fled to Panama. Four months later he returned in federal custody to testify against Franzese.

In March, Franzese agreed to plead guilty to racketeering and conspiracy charges, accept a prison term of ten years, forfeit assets worth \$4.8 million, and pay an additional \$10 million to the states defrauded in the gasoline tax scam. He was able to persuade the Justice Department that he couldn't possibly come up with the \$14.8 million if he was stuck behind bars -- not even after selling his various houses and signing over his movie rights. An extraordinary deal was struck. Before going to prison, Franzese was permitted limited freedom under the guard of deputy U.S. marshals. The surveillance costs were to be paid by Franzese, who was soon seen (and to the embarrassment of the government, filmed by an NBC-TV news crew) scurrying around Hollywood with his posse in tow. The farce ended when Franzese, reverting to form, gave a bad check to the U.S. Marshals Service to pay for his guards. A federal judge sent him off to prison.

The investigation of Franzese's affairs revealed yet another crooked business -- the 700-member Allied International Union, a large labor union of private security guards. Its members worked in sensitive spots as diverse as nuclear power plants and gambling casinos. Allied International had been a joint venture of the Genoveses, Gambinos, and Colombos. But when the Genovese and Gambino partners died, it became exclusively a Colombo operation. Before Allied International came under Franzese's wing, Daniel Cunningham, a builder in Smithtown, Long Island, thought he had bought control of the union from one of the Genoveses for \$90,000. Cunningham saw a way to get rich. He took \$134,000 a year in salary and expenses and put his wife, ex-wife, and girlfriend on the union payroll. Cunningham admitted trying to call a guard strike against five nuclear power plants along the Eastern Seaboard, including Three Mile Island, and threatening to strike the Atlantic City casinos. He was indicted for embezzlement, racketeering, and bribery in 1981.

Testifying last year before the President's Commission on Organized Crime, Cunningham explained that when he attempted to sell control of the union to Mike Franzese after going to jail, the latter responded: "Why should I buy something I already own?" Cunningham reported that he was replaced by one of Franzese's sidekicks, who promptly shifted the union's pension fund to a Virgin Islands insurance company that granted Franzese a home mortgage free not only of interest but of principal payments as well.

GARBAGE COLLECTION, which depends on union control, has been a favorite Mafia target. Mob leaders tried unsuccessfully to infiltrate this business in Chicago, Des Moines, and other cities, but succeeded in the New York area, where municipal governments provide garbage pickup just for houses and apartments. Restaurants, hotels, nightclubs, even the United Nations do not get the city's Sanitation Department services; private companies, called carters, do the job. The carters allocate customers among themselves, buying and selling client businesses for from \$2,000 to \$2 million each. What the carters are buying is the right to overcharge. Peter Reuter, senior economist with Rand Corp., figures that the allocation scheme inflates private garbage collection prices from 35% to 65% in New York. The harder prosecutors pursue the racketeers, the more notorious the garbage business becomes and the less attractive the business is to legitimate competitors. Says Reuter: "That is the value of a bad reputation." The only competition is among Mafia families vying for the business.

On Long Island the Luccheses and the Gambinos struck a deal to split garbage collection payoffs from various carters. Anthony Corallo (No. 3), the Lucchese boss who is standing trial with Tony Salerno, controlled the employers' group, Private Sanitation Industries Associates Inc. James Failla (No. 36), a Gambino capo, held sway over the garbage truck drivers as overseer of Teamsters Local 813. Every three months Corallo had to pay Failla \$50,000 for his cooperation. Corallo, called "Tony Ducks" because of his previous success in ducking subpoenas, and Salvatore Avellino, his chauffeur-enforcer, thought the best way to eliminate payments to Failla was to start a rival Teamsters local. Through a bug planted behind the dashboard of Avellino's Jaguar, the New York State Organized Crime Task Force overheard him telling a friend how such a rival union could be organized and used: "Let's take a son-in-law, somebody, put them into the (union) office; they got a job. Let's take somebody's daughter, whatever, she's the secretary. Let's staff it with our people." Then, so his listener fully understood how the new union's leaders would dispense with a dissident, Avellino added: "and when we say go break this guy's balls . . . they're there, seven o'clock in the morning to break the guy's balls." Avellino went on to detail how profitable a union could be in overcharging / for phantom garbage: "This is what he (Corallo) tells me. A strong union makes money for everybody, including the wise guys . . . because the envelopes (of money) . . . are bigger and better . . . 2,000, 5,000, 10,000, 20,000, 30,000, 50,000 . . . I can't even carry them."

Corallo did not start a Teamster local to rival the Gambino one. But he controls others, notably Teamster locals 295 and 851, whose members play a key role in the \$4.2-billion-a-year air freight business at New York's Kennedy Airport. His union clout helped block the proposed \$63-million merger in 1983 of Air Express International and CF Air Freight, a subsidiary of Consolidated Freightways. According to Air Express's labor contract, the company had to continue the existing Teamster pact, even if it merged. That was unacceptable to Consolidated. Corallo's men offered to abrogate the contract for \$500,000 in cash. Both companies balked at the shakedown and abandoned the merger plan. Corallo's extortion attempts were usually more successful. Six air freight companies operating at Kennedy -- Air Express, Union Air Transport, Kamino Air Transport, Schenkers International Forwarders, Three Way Corp., and Hi's Airport Service -- funneled more than \$1.1 million to the Corallo mob between 1978 and 1985. FBI wiretaps on the home phone of Corallo's airport overseer revealed the payoffs. Paul Vario (No. 32) and three other Corallo lieutenants pleaded guilty.

IN MANY CITIES mobsters use Teamster connections to shake down legitimate companies. In Detroit, Vincent Meli (No. 41) captured the entire steel-hauling business with the connivance of crooked Teamster officials in Local 124. His trucking company, Trans-Steel, obtained such favorable contracts that it did not even pay drivers fringe benefits. Meli drove all his competitors out of business. "I know of no other industry in the area where organized crime has achieved such control," says Craig Woodhouse, an investigator for the Department of Labor.

Mafia entrepreneurship took a different tack in Scranton, Pennsylvania. There Eugene Boffa, an associate of the local Mafia boss Russell Bufalino (No. 12), organized what he called a "labor leasing" business. The President's Commission on Organized Crime reported that to get the new venture off the ground, Boffa gave "bribes and kickbacks" to "corrupt Teamsters," including President Jackie Presser. Boffa established 30 labor-leasing companies to provide truck drivers to such giants as Shell Oil Co., Continental Corp., Coca-Cola, American Cyanamid, Crown Zellerbach, and International Paper. The labor-leasing scheme worked like this: The client "corporations would fire all of their drivers and Boffa would rehire them at a reduced wage," the President's Commission reported. In return, Boffa received fees ranging from 7% to 10% of the drivers' gross wages. Then he handed over 50% of his share to boss Bufalino.

The surest way to get ahead in the Mafia is to kill. That explains the sudden rise to prominence of John Gotti (No. 13). As a petty crook, Gotti had the humiliating habit of getting caught, usually as a result of sloppy bravado. Though he is only 46, he has served prison terms of one year for attempted burglary and four years for stealing truckloads of clothing at Kennedy Airport, and he is on trial for hijacking armored trucks. Law enforcement authorities say he arranged the execution last December of Gambino boss "Big Paul" Castellano and his bodyguard outside Sparks Steak House in Manhattan.

THE PRESS portrays Gotti as the new boss of the Gambino clan and the reincarnation of Al Capone. His custom-tailoring, his black Mercedes 450 SL, his wisecracks in court, even his carefully coiffed pompadour made him a sudden sensation. But his superstar status is more image than substance. He claims to be a distributor of phonograph records. His experience is really as a loan shark, hijacker, and hit man. He does not seem qualified to run the Gambino family's complex businesses, which range from meat and poultry sales to a garment industry trade association. Besides, if he is sentenced to the maximum 45-year prison term, his newly acquired and self-proclaimed control over the Gambino family would evaporate.

The President's Commission on Organized Crime reported that the Gambino meat and grocery operations are so vast that legitimate food producers feel compelled to deal with them. Paul Castellano, Gotti's victim, ran Dial Poultry Co., a large distribution company in Brooklyn, now managed by his sons Paul Jr. and Joseph. Big Paul's cousin Peter Castellano Sr. is listed as sales manager of Quarex Industries, another wholesale company with sales of more than \$100 million.

Frank Perdue, who heads the famous \$840-million-a-year chicken processing company, used Dial Poultry to distribute his chickens. Perdue's relationship with the Castellanos, as the President's Commission put it, shows that some legitimate businessmen turn to "organized crime connected companies" to gain a competitive edge. Initially, Perdue told the President's Commission, he was reluctant to have anything to do with Dial because of Paul Castellano's notoriety as a Mafioso. But when Perdue saw Dial as a way of expanding his sales, he recalled, "I started saying to myself, 'Why shouldn't I have some of that business?' " As his sales to Dial increased, Perdue sought Big Paul's help in fighting a union-organizing campaign at his processing plant in Accomac, Virginia. Perdue explained: "I just thought, you know, they have long tentacles, shall we say, and I figured he may be able to help." By long tentacles, Perdue said that he meant "Mafia" and "mob" connections. Castellano, who said, "Accomac is a long way from Brooklyn," did not do anything to help Perdue.

The Mafia's net income, the gross revenues less such overhead costs as salaries, transportation, entertainment, and payoffs, is conservatively estimated at \$30 billion a year by the President's commission. But the profits present a bit of a problem. Much of the money comes in \$10 and \$20 bills; making a big purchase with, say, hundreds of pounds of greenbacks could be incriminating. Before this dirty money can be safely spent or pumped into legitimate businesses, it must be laundered. One solution is to employ clandestine couriers to transport the cash to banks in the Bahamas, Switzerland, or Hong Kong.

But an easier way was the system used by Gennaro Angiulo (No. 34), the silver-haired under-boss in Boston. Workers in Angiulo's North End headquarters merely stuffed the money into brown grocery bags and walked three blocks to a branch of the First National Bank of Boston. They returned with cashier's checks. Even though Angiulo acquired an oceanfront estate in suburban Nahant and a \$320,000 yacht to go with it, his bucket brigade of deposits drew no special attention. The myriad transactions occurred despite a federal regulation passed in 1970 that required all banks to report cash receipts of \$10,000 or more.

In 1981 the U.S. government deployed agents to eavesdrop on Angiulo's operation. The inquiry resulted in racketeering charges against Angiulo and deep trouble for the Boston bank. Angiulo's associates purchased cashier's checks totaling \$8.3 million between 1979 and 1982, according to the federal investigation. The bank failed to report 105 checks bought for \$1.8 million in cash, as well as some \$1.2 billion in foreign cash transfers, unrelated to Angiulo. The bank pleaded guilty and was fined \$500,000. Angiulo was fined \$120,000 and sent to prison for 45 years. At his trial it was disclosed that the FBI, using wiretaps, had overheard the following admissions: "We buried 20 Irishmen to take this town over," bragged Angiulo. "We are bookmakers. We're selling marijuana. We are illegal here, illegal there. Arsonists. We are everything." "Pimps," added a sidekick. "So what!" snapped Angiulo, unwilling, it seemed, to omit one division from his complete catalogue of businesses.