

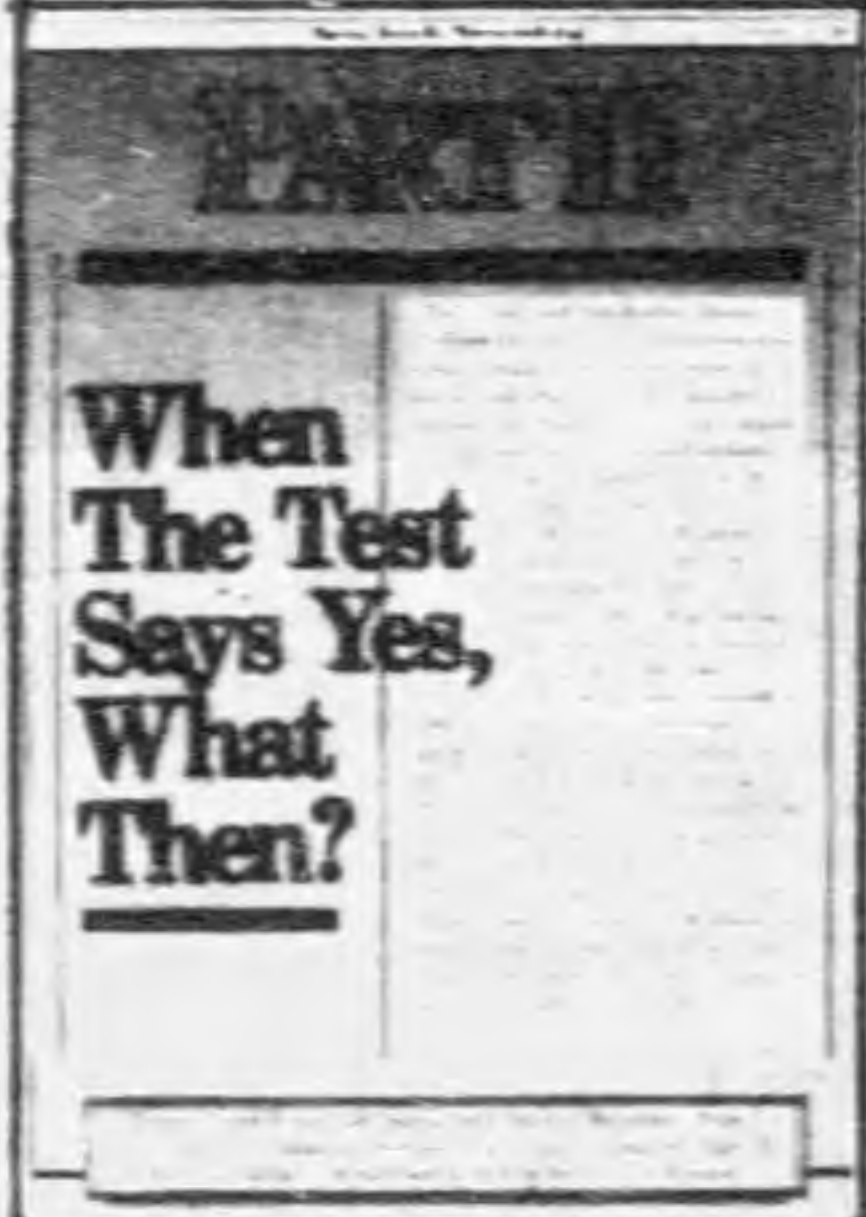
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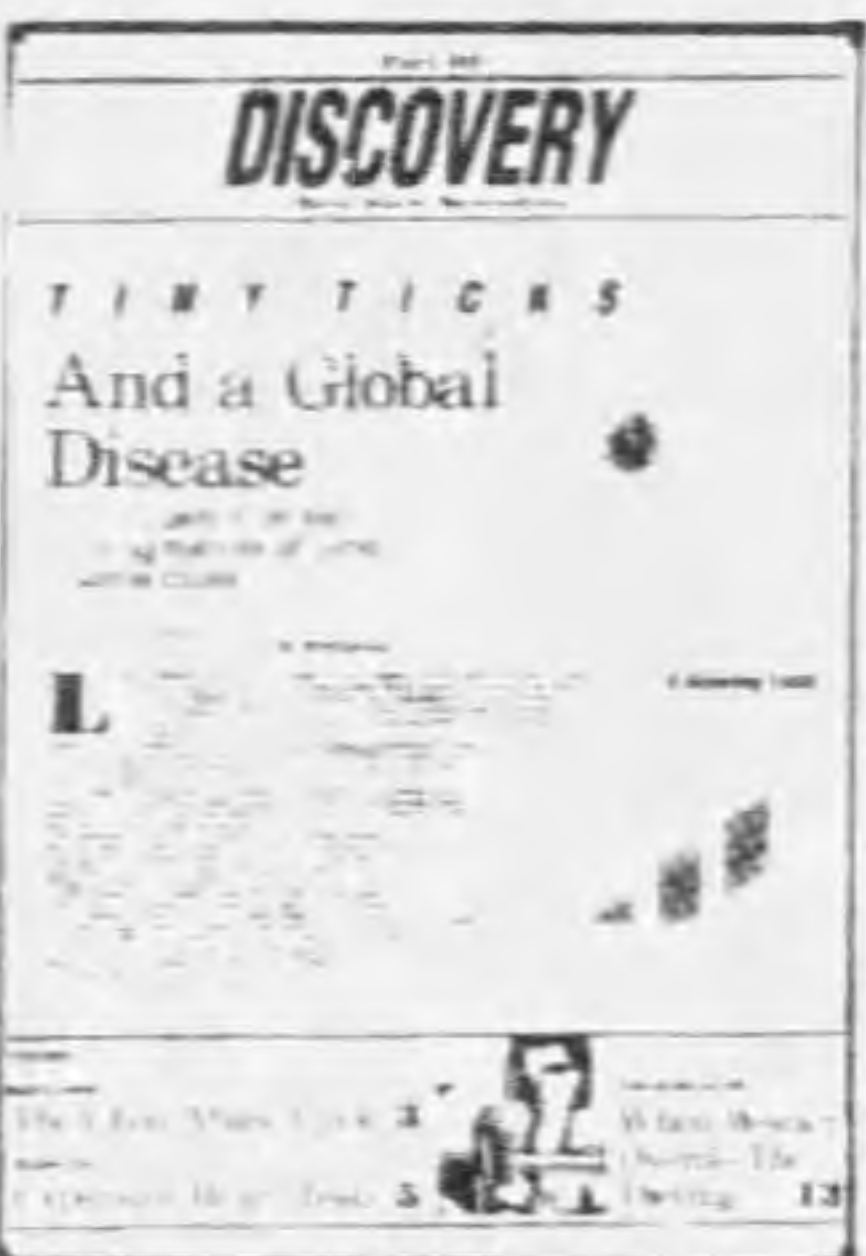


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WEATHER

Rain arrives tonight; low near 50. Tomorrow, periods of rain likely, middle 50s.

LOTTERY

Yesterday's winning N.Y. numbers:
Lotto: 1, 2, 10, 22, 24 and 30.
Win-10: 5, 6, 7, 12, 19, 30, 32, 34, 38, 39, 40, 43, 48, 50, 55, 67, 72, 75, 79, 80.
Numbers Game: 867. **Win Four:** 0072.

TOMORROW

In Food, an update on the return of the breakfast, that simple, comforting meal. **Part III.**

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New York Newsday

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'The so-called rumors were political garbage distributed by political garbage dealers. If it's a price I pay for being Italian-American, then being Italian-American is well worth the price. I thank the members of the media who recognized this ugly effort for what it was.'

— Gov. Mario Cuomo



Cuomo Calls Rumors Of Mob Ties 'Garbage'

By Rex Smith
Newsday Albany Bureau Chief

Gov. Mario Cuomo, responding to a magazine article that debunked rumors linking his family to organized crime, said yesterday that the rumors "were political garbage distributed by political garbage dealers."

Cuomo's comment, in a three-sentence statement issued by his office, came after New York magazine published an article written by an organized crime expert that detailed some allegations that have circulated about Cuomo and his family for several years.

In the article, freelance writer Nicholas Pileggi concluded that "the most prevalent rumors . . . turn out to be misleading or false."

Despite that, Pileggi wrote, the rumors "continue to be passed around by cops, media people, and others in a kind of shadow network of gossip and loose talk."

Among the rumors that Pileggi found to be untrue were that Cuomo had been a lawyer for mobsters, that alleged organized-crime capo Michael Franzese gave Cuomo \$30,000 during his first gubernatorial campaign and that Cuomo's father-in-law, Charles Raffa, was linked to mob arsons.

The sources of such stories, Pileggi wrote, include "political gadflies and adversaries of the governor." Pileggi said some rumors were being spread by a

Lynbrook, L.I., writer and public-relations worker, Harry Daley. "I'm not looking to smear anybody," Daley told Pileggi. "If there's nothing there, fine. All I feel is that nobody's really taking a look at this stuff." Daley declined further comment last night.

Daley was a consultant to Nassau District Attorney Denis Dillon's campaign last year as the Right-to-Life Party candidate for governor. Dillon has refused to comment on the allegations surrounding Cuomo, but law-enforcement sources have said that Dillon's office referred some information about Raffa to Brooklyn District Attorney Elizabeth Holtzman and U.S. Attorney Andrew Maloney.

Cuomo recently has been so troubled by the rumors — which he has said are the result of the stereotyping of Italian-Americans — that he said they might prompt him to reconsider his February decision not to enter the 1988 presidential race.

Aides to Cuomo said they were pleased by Pileggi's article. And Cuomo's tone was defiant.

"If it's a price I pay for being Italian-American, then being Italian-American is well worth the price," he said in his statement. And in a message to the news organizations that have not published the allegations, he added, "I thank the members of the media who recognized this ugly effort for what it was."

Yanks Still in Ballpark

By Kevin Flynn

George Steinbrenner telephoned a key state official yesterday to reassure him that the Yankees intend to press forward with negotiations to extend their Yankee Stadium lease, the official said.

Steinbrenner's call to Vincent Tese, chairman of the state Urban Development Corp., came after published reports that the team was set to ask the courts to void its existing lease, a move that would enable the Yankees to leave the city, perhaps for New Jersey.

Yankee lawyers did go to court yesterday to file a motion in a year-old suit that charges the city has failed to provide adequate parking under the existing lease. But Tese said Steinbrenner, the Yankees' owner, told him the motion was "a procedural matter in an old lawsuit. It has nothing to do with our talks. Let's cut a deal."

City and state officials agreed yesterday to

meet today with the Yankees to continue talks on extending the team's lease through 2032. The current lease is set to expire in 2002.

A Yankee spokesman and Alan Levine, an attorney representing the team in the negotiations, declined comment on the bargaining. But city and state officials expressed optimism that they are close to resolving one of the major snags that has blocked an agreement — how to improve the flow of traffic to the stadium.

On Friday, the Yankees submitted a consultant's report that called for the city and state to widen the stadium exits of the Major Deegan Expressway and build a new ramp on the Manhattan-side of the Macombs Dam Bridge, which spans the Harlem River near the stadium.

City officials had opposed more expensive plans that called for the construction of ramps to link the Deegan directly to a new stadium

—Continued on Page 25

Shearson Takeover of Hutton Near

SHEARSON from Page 2

Street history. American Express currently owns 60 percent of Shearson, with the rest owned by public shareholders and Nippon Life Insurance Co. of Japan.

Last week, Hutton's directors publicly revealed that they were offering the company for sale, and Shearson announced that it was interested. Shearson officials privately said at the time that they were not inclined to keep the Hutton name if a merger took place.

Wall Street officials, who were gathered yesterday in Boca Raton, Fla., for an industry convention, generally praised the pending merger as a shrewd but challenging move by Shearson.

Shearson must act fast to retain the top-flight sales representatives that had attracted it to Hutton in the first place, said Michael Hernandez, managing director at First Boston Corp. "The question whenever you acquire a professional services organization is whether you can retain the personnel," he said.

Raymond Mason, chairman of Baltimore-based Legg Mason Wood Walker, said, "Shearson's a pro at this. They've done this for years. The two of them have really great sales forces."

Hutton was started 83 years ago in New York by Edward F. Hutton, the son of a Cincinnati-area farmer. Despite its name recognition — reinforced for 15 years with the advertising line, "When E.F. Hutton talks . . ." — Hutton was one of the least profitable

firms during the bull market that ended in October.

Over the last two years, the firm has been battered by a succession of public disasters. In 1985, Hutton admitted carrying on a massive scheme using overdrawn checks to defraud 400 banks out of \$20 million in interest charges. The firm got off with a \$2-million fine, but pleaded guilty to 2,000 counts of fraud.

Last January, Hutton had to set aside \$130 million to cover claims by investors who were misled by Hutton salesmen peddling municipal bonds. The following month, Hutton acknowledged that a federal grand jury was investigating its Rhode Island operations for possible violations of financial-reporting laws intended to discourage money laundering.

Glenn Kessler contributed to this report.

State to Discipline Hospital in Death

WARHOL from Page 3

year-old artist. He checked into New York Hospital on Feb. 20 with an inflamed gall bladder and went into surgery the next day. He seemed to be recovering but suffered cardiac arrest and was pronounced dead at 6:31 a.m., Feb. 22.

"The physician ordered strict intake and output," the Health Department charged. "Yet the only entry of urine output was made at 6:45 p.m. 2/21/87. From then on, the notes by nurse M.C. made no mention of whether or not the patient voided during the next nine hours."

Added department officials: "An intravenous intake of of 5250 c.c. of fluid

and a documented output of 915 c.c. indicated a possible problem which required further study and monitoring."

These complaints, Skinner said, represent nothing new. "It's an old story," Skinner said. "We're going back over the same things over and over again."

Since Warhol's death, he said, hospital officials have "acknowledged to them that we did have a nursing situation that since has been corrected."

Min Chou has since been told she could no longer practice at New York Hospital. But hospital officials have emphasized that they do not believe her performance contributed to Warhol's death. Skinner added that hospital officials defend all other elements of Warhol's treatment.

Frances Tarlton, a Health Department spokeswoman, said that state law permits fines in such a case of up to \$1,000 for each violation. She said it was unclear just how many violations the hospital may be accused of committing.

"In very extreme cases we have the authority to pull a hospital's operating certificate," Tarlton said. If past practice is any guide, she said, it is possible the hospital and health officials may agree on sanctions before a hearing.

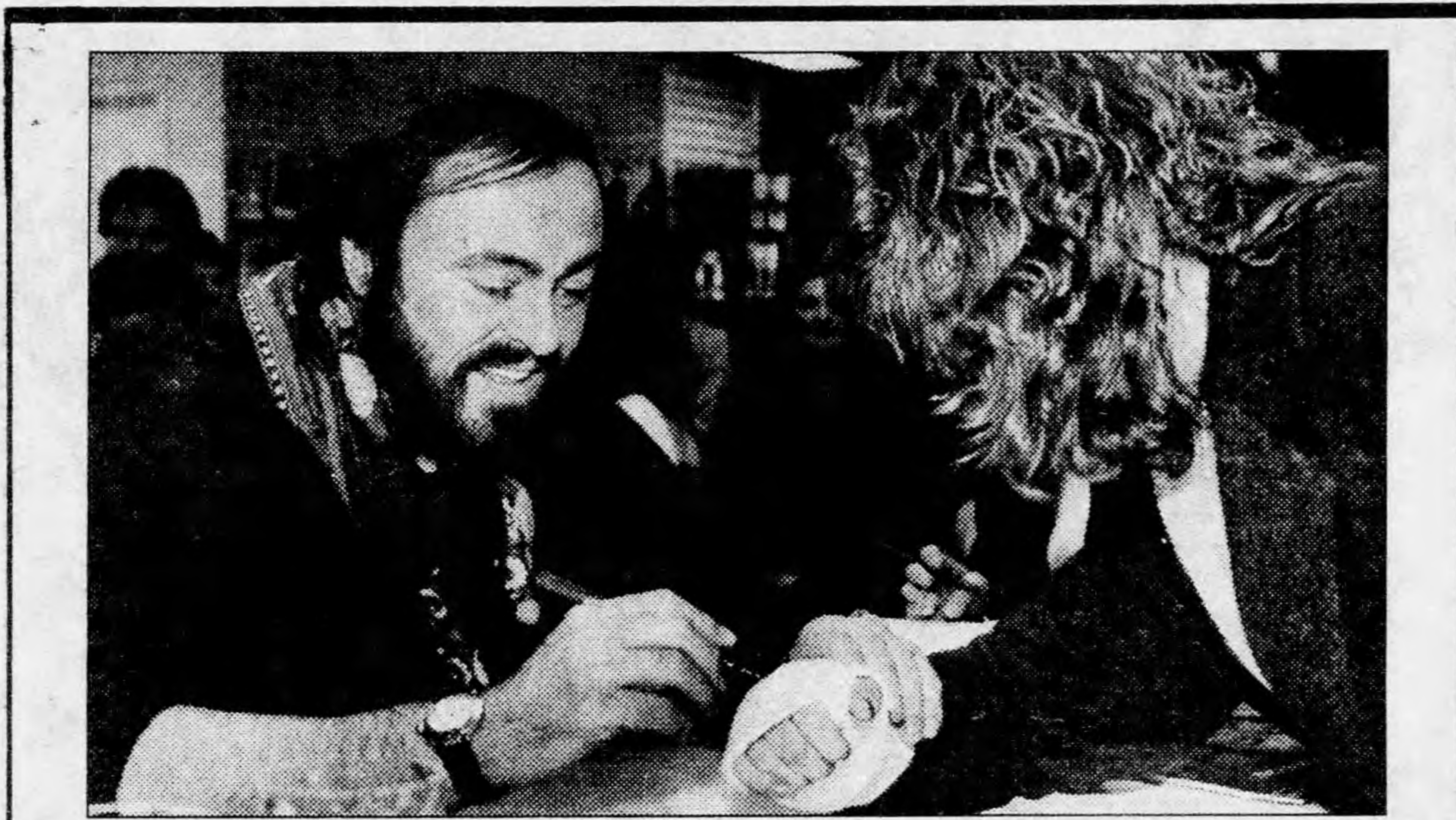


Photo by Susan Farley

Inspired Casting

Luciano Pavarotti signs cast on the arm of Amy Bergen at a midtown record store yesterday during an autograph promotion for the opera singer's latest album release.

TA Police Decoy Unit Pulled

TA from Page 3

Ten arrests made by the officers in the decoy unit are still pending in court. Ten other cases have either been dismissed or settled. The five officers under investigation have been transferred out of the decoy unit, Morgenthau said.

The decoy unit was reinstated in 1985, after being eliminated in the late

1970s when law-enforcement agencies discovered that officers illegally entrapped suspects by hanging money out of their pockets — a tactic dubbed "dollar collars."

From April, 1985 to January, 1986, decoy unit officers arrested 604 people involved in 397 incidents and were widely perceived as one of the most effective transit police units.

Morgenthau said defense attorneys first brought the issue of possible entrapment by decoys to his attention in May. After he substantiated complaints made in four cases, Morgenthau said the Transit Authority revised procedures used by the unit in July and eliminated the practice of promoting officers based on the number of arrests they made.

Aide Denies Spreading Cuomo Rumors

CUOMO from Page 4

ing unsubstantiated stories about Cuomo prompted an unusual letter of apology to the governor Tuesday from Sen. Christopher Mega (R-Brooklyn), the committee chairman. But McKenna insisted yesterday that he had done nothing wrong by answering press inquiries about Cuomo, including his conversations with investigative reporter Nicholas Pileggi, who wrote a Nov. 2 New York magazine cover story that largely debunked the rumors linking Cuomo and the mob.

"I do not believe an apology is necessary," McKenna said. But, he added, he felt compelled to "respond to the slurs against myself."

McKenna, who also has a private law practice, told reporters he had not decided whether to resign his \$52,000-a-year post as a result of the controversy. "I don't want in any way to be the source of concern or damage to Senator Mega," he said.

Mega and McKenna met last night, a spokesman said, but the outcome of their discussion was not immediately known.

Cuomo's press secretary, Gary Fryer, said the governor believes the

rumors have been laid to rest. "All the ugly rumors about Mario Cuomo were false," Fryer said. "Nick Pileggi says so, and the people he says were spreading those rumors say so. We consider the matter closed."

Pileggi's story said that many of the rumors about Cuomo were spread by a "veteran, politically conservative legislative aide who has long been a source for the press on organized-crime matters." Although Pileggi yesterday still refused to name that source, Mega has said it apparently was McKenna, a former Manhattan prosecutor who has for 13 years been the top organized-crime expert in the Republican-controlled Senate.

McKenna said he had merely responded to Pileggi's questions. Pileggi said the legislative aide he spoke to suggested rumors about Cuomo that he hadn't heard before. Pileggi said his first list of the rumors being circulated about Cuomo came from Cuomo himself, in a telephone interview.

McKenna also denied the assertion of Cuomo aides that he had used Senate subpoenas to obtain information for two of Cuomo's former law partners who are defendants in a lawsuit Cuomo has filed over income from the law

firm. He said he had subpoenaed some information when the committee was investigating Cuomo's unsuccessful 1977 campaign for mayor of New York, along with the campaigns of other politicians. Some information on that race was turned over to the Brooklyn district attorney's office, McKenna said. A spokesman for that office said no basis for prosecution was found.

The accusation involving Carey's campaign, which McKenna said he believed to be true, was advanced by Iorizzo in May, 1986, while he was testifying for prosecutors against Michael Franzese, a member of the Colombo crime family who was convicted in a major gasoline-tax fraud case. Iorizzo, who at one time controlled the \$100-million-a-year Vantage gasoline station chain on Long Island, was sentenced to 5 years in prison for his role in a similar scheme. He is now in the federal witness-protection program.

According to a transcript obtained by Newsday, Iorizzo told prosecutors that Hugh Carey's younger brother, Martin Carey, a Vantage customer, "had been stealing sales tax for many years and funneling in the money into the governor's campaign."

Iorizzo said he had told New York

tax authorities about the matter and offered "extensive books and records and documents, things like that."

McKenna said yesterday he believed Iorizzo's allegation. He said he hoped to take a deposition from Iorizzo on the matter within the next few weeks when Iorizzo testifies in an unrelated criminal case in New York.

But federal law-enforcement sources said that an Internal Revenue Service-headed task force investigating gasoline-tax fraud had been unable to substantiate the Iorizzo allegation. One federal law-enforcement official, however, who asked not to be named, said Iorizzo "has been a reliable witness for us in the past, whose information has checked out."

Hugh Carey, reached in his Manhattan law office last night, said he was "unaccustomed to having to respond to the allegations of convicted criminals." He added, "I never had any kind of filthy money in my campaigns in any way, shape or form."

Cuomo was Carey's running-mate in 1978 and was elected lieutenant governor. Fryer said that their campaign funds "were never commingled" but that he was convinced the allegation about diversion of funds to Carey was baseless.