

Gas Tax Cash and Re-Electing a Governor

LAWRENCE S. Iorizzo, a convicted gasoline tax evader now under federal protection as a government witness, has testified more than once that Martin Carey skimmed tax money from his string of gas stations on Long Island and channeled it illegally to his older brother's campaign treasury in 1978. His older brother is Hugh Carey, who in 1978 was running successfully for a second term as New York governor. Hugh Carey vigorously denied the allegations this week.

The reason Iorizzo's name is in the news is that Gov. Mario Cuomo, who was Carey's running mate as lieutenant governor in 1978, got enraged at a long-time aide to a state Senate crime committee. The governor accused the aide, Jeremiah McKenna, of spreading false and malicious stories suggesting that Cuomo or members of his family had ties to the mob. The governor, in his rage, demanded and got McKenna's head; he has been forced to resign his \$52,000-a-year job as counsel to the Crime and Correction Committee.

McKenna says he didn't spread any such rumors. What he did, he says, is talk to reporters about organized crime in New York and its relationship to campaign contributions and state tax evasion. And this is how McKenna came to be talking about Lawrence Iorizzo, a mob figure who knows lots about gas tax evasion. He was an expert at it. In fact, he has become an expert witness on the subject for the federal government and others.

In May of last year, for example, he testified for the State of Florida in a gas tax fraud case there against Michael Franzese, another mob figure. On the stand in Fort Lauderdale, Iorizzo recalled his pre-conviction, pre-witness days when he was president of Vantage Petroleum. This was a company which ran gas stations on Long Island. Vantage, in 1979, had taken over Martin Carey's company, Petroleum Combustion International, which also had run a string of gas stations and which apparently had had many unusual business dealings with Iorizzo and owed him money.

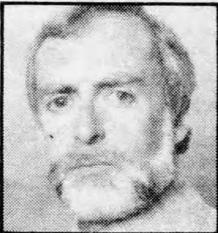
And then, he testified: "Gov. Carey's brother, Martin Carey, was a customer of Vantage and had succeeded in getting into us for several million dollars, which he could not pay. I threatened to go to

the authorities. And after I threatened to go to the authorities about Martin Carey, all of these investigations [against me] began . . . The problem was, he had funneled the money into the campaign for re-election for his brother, Hugh Carey. And I was going to expose that."

Iorizzo went on to testify that he had documentary proof "that Martin Carey had been stealing sales tax for many years" and putting it into the

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Shouldn't some state agency now look at these allegations about Martin Carey?



election coffers. He said he had made available to federal and state officials "extensive books and records and documents."

A couple of months later, Iorizzo gave similar testimony in Washington before the oversight subcommittee of the House Ways and Means Committee. He was accompanied by an assistant United States attorney, who did not challenge or seek to correct Iorizzo's testimony on this subject, although he did interject caveats on other matters discussed by Iorizzo. In effect, the federal prosecu-

tor's silence implied that he supported the testimony about Martin Carey.

In 1980, a year after taking over the Carey company, Iorizzo was indicted on a bid-rigging charge by the Suffolk County District Attorney, Patrick Henry. Henry had managed to get a warrant and with it had seized the books and records that Iorizzo has referred to and that state and federal investigators were looking at in Iorizzo's company office.

The indictment said that Iorizzo had practiced conspiracy and collusion to win the state concession to run all the gas stations on the Northern and Southern State Parkways. The indictment was dismissed by a judge as empty of merit, but before it was thrown out, Patrick Henry's office called Martin Carey to testify before the grand jury in the case and granted him immunity. Many lawyers and prosecutors found the immunity strange at the time and still do.

Its strangeness became even clearer two years later when the state attorney general, Robert Abrams, indicted Martin Carey for evading \$122,000 in sales taxes on gasoline. The courts held that Carey could not be tried on these charges. They said that the action of the Suffolk DA in granting Martin Carey immunity in the bid-rigging case forced them to rule this way. Anything he had talked about in that Suffolk grand jury room was immune from prosecution, they said.

Iorizzo has said that Carey skimmed "millions" in sales taxes. McKenna says Iorizzo told him that \$2 million was put into the Hugh Carey campaign.

We know that Iorizzo is not a Wheaties All-American Boy — he was finally convicted of U.S. mail fraud in connection with gas tax evasion, at which point he began cooperating with the authorities — but federal prosecutors say he has turned out to be a reliable witness whose information has held up in many cases. Shouldn't some agency in New York State be looking now at these wider allegations about Martin Carey — allegations that go far beyond theft of state tax money? The 1980 immunity, for example, does not preclude civil action to recover the skimmed taxes.

None of this has anything to do with Jeremiah McKenna or what Gov. Cuomo thinks of him. It has to do with the integrity of the governmental process.

The public needs a fresh look at what happened in this case — and not behind closed doors. A good place for it to be aired might be the governor's own Commission on Government Integrity; it would show that this untested body is not afraid of hot potatoes.

NEW YORK OPINION



New York Newsday / Dan Shefelman

POINT OF VIEW | Who Will Cover the Waterfront?

RECENT CALLS BY THE mayor's Commission on the Year 2000, Public Development Corporation and others for "simplification" of "byzantine" regulations that impede waterfront development may herald efforts to erode environmental protection.

The water around the city is a priceless resource that belongs to the public. Unless people who treasure it mobilize quickly to protect it, the waterfront will be lost to the public just as it has been rediscovered.

— Marcy Benstock, director of the Clean Air Campaign and its new waterfront project, in *City Limits*, a monthly

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