

He got a handout



UNSTUCK AT LAST, Hancer Reyes, 4, shows mom, Barbara, where it hurts. He caught his arm in a gumball machine at a supermarket on E. Tremont Ave., Bronx, yesterday, and cops were called to free him. They were glad to help him out but they did suggest that he try using a quarter next time. **DAVID HANDSCHUH** DAILY NEWS

Condo king had mob help: feds

FLAMBOYANT real estate tycoon Gerald Guterman, who made a fortune converting apartments into condos and co-ops, was quietly arrested on tax charges two weeks ago for allegedly being in bed with the mob.

"Leona Helmsley didn't get roused out of bed at 7 in the morning when she was arrested for taxes," Guterman complained to federal agents when they arrived at his Trump Tower studio apartment June 4 with an arrest warrant.

Sources told Gang Land the agents hoped he'd cooperate, but Guterman refused and was charged with conspiring with union officials, mobsters and mob-controlled general contractors to defraud the Internal Revenue Service.

In 1981, Guterman was the Crazy Eddie of the co-op market, selling occupied apartments to small investors — on billboards, in newspapers and on TV.

In his advertising blitz, smiling models posed as cab drivers, butlers, bakers, even Indian chiefs, proclaiming proudly, "I'm a landlord, and I love it." The ads listed apartments with tenant profiles of "90-year-old female, single," or "single female in her 70s" in an effort to convince prospective buyers that they would soon own empty apartments.

He sold 2,500 apartments throughout the metropolitan area for an estimated \$250 million. His companies have since gone out of business.

Four years ago, Guterman chartered the Queen Elizabeth 2 for a 16-hour combination bar/bas mitzvah party for a son and two daughters. The guest list included 600 of his closest friends, including City Council President Andrew Stein, former Controller Harrison Goldin and Ivan Boesky, who arrived by private helicopter.

Three orchestras and a 51-piece ensemble that provided diversions on all decks played as guests dined, wined, danced, gambled, splashed in the pools and were otherwise pampered by the ship's crew of 1,000.

"No one but Gerry could afford it," Stein said at the time. Stein wore a captain's hat to the festive shipboard coming-out party.

Guterman is the last and the biggest fish the feds have reeled in through

the efforts of another wheeler and dealer, former Colombo capo Michael Franzese.

Franzese, who made millions selling bootleg gasoline and through other scams, pleaded guilty to racketeering, got 10 years in prison and agreed to pay \$15 million in fines and restitution. Later, he cut his sentence by cooperating. He's currently free, pro-



ducing movies — including one about his life — and trying to earn enough money to pay off the \$15 million he still owes the government.

From 1981 to 1984, Guterman used Franzese to buy labor peace and mob protection for renovations at apartment complexes in Queens, Manhattan, Patchogue, L.I., and Orange, N.J., according to a federal complaint filed in Brooklyn by IRS agent William Tamparo.

To facilitate the scheme, Franzese formed a general contracting company and three subcontracting companies to "serve as conduits for the pay-offs," the complaint said.

"These charges are a joke, based on the hallucinations of Michael Franzese," said Guterman's attorney Gerald Shargel, a key member of the defense team that won John Gotti's recent acquittal on assault charges.

"He had a change in fortunes because of a change in tax laws, not because he was involved in criminal activity," Shargel said. "At the time specified in the complaint, he was running a multi-million-dollar corporation, not committing petty crimes with Franzese."

The scheme was anything but petty, according to law enforcement officials, who said Guterman saved about \$12 million through payoffs totaling about \$500,000.

Raphael (Red) Celli, a construction manager for Guterman, initially sought out Franzese in 1981 because of labor problems at a Queens conversion site, the complaint said. Later, Celli allegedly worked for Franzese's general contracting company on several Guterman projects.

GUTERMAN and Celli pleaded innocent. Each was released on \$200,000 personal bond under an agreement worked out by their lawyers and Assistant U.S. Attorneys Kimberly McFadden and Michael Considine. The defendants are expected to be indicted by next month.

Although the men were arrested June 4, the complaint was filed last month, and temporarily sealed, because under Franzese's unusual agreement of cooperation, he is required to testify only against defendants whose cases were filed before June 1.



GLORY DAYS: Gerald Guterman in 1980.

BOB HERBERT ... has the day off.

HOW TO LET YOUR OLIVES SEE THE LIGHT:

You meet. Their interest is apparent from the start. They recognize your insight and the deal is closed. A handshake and dry Martinis for all. To your success...

MAJORSKA VODKA for all seasons.

MAJORSKA VODKA • 40% ALCOHOL BY VOLUME (80 PROOF) • DISTILLED FROM GRAIN • BOTTLED IN USA BY CLYDE STAFFORD • CLIFTON NJ & NEW YORK NY