



Franzese in custody in Florida in 1985

# The Franzese File

*A Porsche, a pool and not much informing for mobster set free*

Less than two years after being released from prison, former Long Island mobster Michael Franzese has resumed his luxurious lifestyle, frustrating prosecutors who say he owes them \$14.7 million in fines and information on organized crime.

When not relaxing in his swimming pool or sauna at his Southern California mansion, sources say, the 39-year-old Franzese — once described in Life magazine as the Yuppie mobster — is cruising in a Porsche, or sometimes a Mercedes. He's also working with a best-selling author on his memoirs and is discussing offers to sell his life story, complete with details of his days as a Colombo crime family captain and film producer, for a movie or a mini-series.

What rankles prosecutors in Suffolk County and Florida is that under the terms of a deal the former Brookville resident cut with the federal government, there's little they can do to force Franzese to pay up or begin talking.

Under the deal, Franzese was released from prison in May, 1989, after serving only 3½ years of a 10-year sentence for racketeering and conspiracy. In addition, the pact gave Franzese immunity from prosecution on his past organized crime activities. It kept his five-year probation sentence and his fine.

In return, Franzese was to turn over everything he knew about his mob activities and associates — but prosecutors had only a year, until April 30, 1990, to pump him. He also was required to testify in any trial related to his information if the indictments were filed before April 30, 1990. Law enforcement officials said the time constraints in the deal were virtually unprecedented and made the cooperation clause essentially useless.

As a result, some prosecutors say that Franzese's biggest contribution as an informant has been his 1989 testimony against New York talent and sports agent Norby Walters, who was convicted of racketeering for illegally signing college athletes to professional contracts. But Walters' conviction was reversed in September on an unrelated legal technicality.

"The government gave up one of the most important, up-and-coming members of the Co-

lombo organized crime family in return for information on a booking agent," said Ray Jermyn, chief of the rackets bureau in the Suffolk County district attorney's office, who provided the federal government with much of the information that helped indict Franzese in December, 1985. "We're deprived of his use as a witness, and we didn't get the money he owes us, either."

"Quite frankly, I think Michael ripped off the U.S. government," said James Stein, deputy chief U.S. parole and probation officer for the Eastern District, which includes Long Island.

In a lengthy telephone interview last week, Franzese conceded, "I'm not living in a ghetto." But he denied he was getting a free ride from the government and said he was under constant pressure to pay his fines.

"I can't say that I got away with the better bargain or that the government did great, either. It was a compromise," he said, calling his decision to sign the deal one of the toughest he ever made. ". . . I absolutely do not feel that I pulled

Much of the reporting on this story was done by the late Tom Renner, *Newsday's* organized crime reporter, who died in January, 1990. The reporting was completed by staff writer Letta Tayler, who wrote the story.

the wool over anybody's eyes."

But Franzese, who refused to join the federal witness protection program, also said that "I really didn't hurt anybody" by providing information and that "most of the people I knew were already in jail."

The two officials who were key to engineering the pact with Franzese — Anton Valukas, then U.S. attorney for Chicago, and Ed McDonald, then chief of the federal Organized Crime Strike Force in Brooklyn, which is now defunct — are now in private practice. In recent interviews, McDonald blamed the terms of the pact on a separate deal he said Valukas made with Franzese for testimony in the Walters case, but Valukas denied he had made any agreement.

John Gleeson, the chief of the organized crime unit in the Justice Department's Eastern District, who is overseeing the pact, refused to discuss the agreement on grounds that Franzese was still linked to pending investigations.

"It's entirely inappropriate for me to comment on whether it's a good deal or a bad deal for the government," Gleeson said. But he added that any

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## A Life Like a Mob Movie



'GoodFellas': No parallels between himself and 'low life' Henry Hill, Franzese says.

He hates being compared to Michael Corleone, but when Michael Franzese saw "The Godfather Part III," he says he identified with the movie don who suffered from his life in organized crime.

"He was in so much pain, and that got to me a little bit," said Franzese, 39, a former Colombo crime family captain from Brookville.

But Franzese said that he sees no parallels between himself and mobster Henry Hill, whose real-life story was the subject of the film "GoodFellas."

Both Hill and Franzese operated in the New York area, and both signed pacts — with the same federal prosecutor — that set them free in return for testifying against their former mob associates.

"I'm not trying to become a crusader for the government, unlike a Henry Hill, who I think is a . . . low life," Franzese said.

Hill went into hiding under the federal witness protection program, but Franzese lives under his own name with his



'Godfather': 'Got to' Franzese

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# Porsche, a Pool — And Not Much

DEAL from Page 5

time authorities strike a deal with an informant, there is always a critic claiming that "the government gave away the store."

Suffolk law enforcement officials, who were not consulted about the deal, say the time limit placed on Franzese's cooperation has kept them from seeking indictments in five major cases involving gasoline bootlegging and business fraud.

Suffolk did file one loansharking case by the deadline, but Franzese refused to testify, Jermyn said. As a result, the county indicted Franzese. He has been ordered to appear in Suffolk later this month to answer charges of contempt of court.

Asked about the loansharking case, Franzese said he does not intend to testify because "I don't know anything about it."

Because of his notoriety and his lifestyle, Franzese is also being investigated by the federal parole and probation office to see if he is violating his probation. The results of that probe are expected to be presented to a federal judge within two months.

Franzese is no stranger to the parole office. Stein, its second-in-command, was once the parole officer for Franzese's stepfather, reputed Colombo mobster John Franzese, known as "Sonny," who is in prison for parole violations linked to a bank robbery conviction. According to testimony by Lawrence Iorizzo, a former gasoline executive and mob associate who became a federal witness, Michael Franzese in the early 1980s discussed having Stein "whacked" — mob lingo for killed — because the parole officer's investigations into his stepfather's activities were interfering with family business.

Federal officials also plan to make Franzese testify in the next two months about his finances to find out why he hasn't paid the \$14.7 million in fines, including about \$4 million to Suffolk and \$3 million to Florida.

The dark-eyed, smooth-mannered Franzese was considered the biggest — and youngest — moneymaker for the Colombo crime family during his days in Brookville in the early and mid 1980s, making *Fortune* magazine's 1986 list of the top 50 mobsters. He also has been profiled in *Life*, and will be featured in an article in February's *Vanity Fair*.

Franzese now lives with his wife, Cammy, and their three children, and has three other children by a previous marriage. He was raised in Roslyn and joined the mob when his stepfather was in jail, prosecutors say. He cut off his biology studies at Hofstra University after three years and went to work for the "family" fulltime, specializing in complicated financial manipulations of legitimate businesses.

By the mid 1980s, investigators believed he was involved in dozens of illegitimate activities using night clubs, car dealerships, gasoline companies and other businesses as fronts. He reached the rank of captain, overseeing about 20 soldiers, prosecutors said.

In those years, Franzese lived in Brookville, docked his boat at the Fire Island community of Saltaire and was seen some nights holding court at the Casablanca restaurant in Huntington Station.

He also moved his interests and his money south to Florida, where he produced four B movies: "Mausoleum," "Night of the Zombies," "Savage Streets" and "Knights of the City." In Miami Beach, he was given the key to the city and a Bible blessed by the Pope for his film-making enterprises. That was before officials discovered he was running a multi-million-dollar gasoline bootlegging ring in both Florida and Long Island — his biggest known scam.

The ring, which Franzese ran with Iorizzo, bilked the federal, New York and Suffolk governments of an estimated \$1 billion in gasoline excise taxes from 1981 to



Franzese testified at the racketeering trial of sports agent Norby Walters, above, in 1989.

did provide some information about the mob in late 1986, federal officials said. Then along came the Norby Walters case in Chicago.

Franzese's testimony about how he used his mob muscle on Walters' behalf made headlines nationwide. He not only testified that he had contacted college athletes for Walters, but also revealed that he had tried to intimidate other agents into assigning Walters contracts for performers Michael Jackson, Dionne Warwick and the group New Edition.

According to McDonald, U.S. Attorney Valukas was so excited about using Franzese that, in return for testifying against Walters, he promised him he would not have to serve more than another year and a half behind bars — at a "camp" or other minimum-security center. Valukas also did not require Franzese to provide any information about his other crime activities in return for the promise of a shorter sentence, McDonald said.

At that time, Franzese faced at least three more years in prison, after routine reductions in his 10-year sentence for good behavior, parole records show.

McDonald said that he was informed of Valukas' deal with Franzese only after the fact. He said that as a result, the strike force had no choice but to offer Franzese an even better agreement to get any more testimony out of him — the pact signed May 18, 1989, that let him out of prison immediately.

"At that point, our bargaining chips were virtually non-existent" in cutting a deal to get Franzese to testify about additional organized crime activities, McDonald said.

Valukas called McDonald's version an "absolute fabrication." He said that although he considered Franzese one of the best witnesses he'd ever called to the stand, "no one ever went back to him and said, 'You are only going to serve one more year.'" He said his office agreed not to return Franzese to a hard-time penitentiary, calling that common procedure for convicts who testify in important cases.

Franzese denied Valukas promised to shorten his term. However, he did say that Valukas wrote him a letter "that I could use with the judge or the parole board . . . and that he'd support whatever consideration they'd give me."

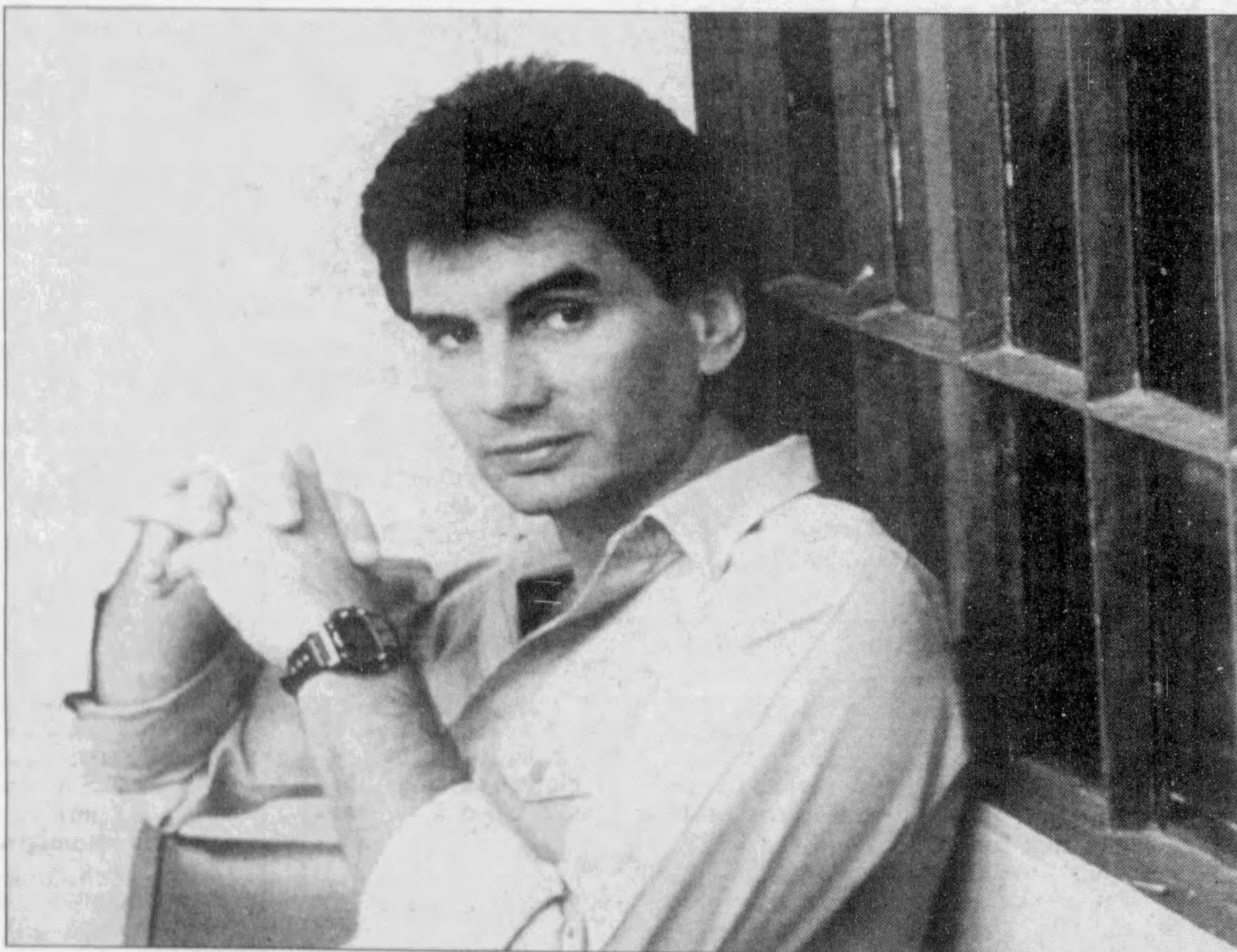
Moreover, Franzese said he was led to believe that "I would have done at the most another 14 or 15 months" after testifying in the Walters trial, but didn't say who gave him that information.

Federal officials in New York familiar with the case, who asked not to be named, supported McDonald's version. They also said that Valukas was able to make his deal because he had far more political clout with the Justice Department in Washington than McDonald, whose strike force was being abolished. McDonald "had to make the best of a sour deal," one source said. Justice Department officials in Washington refused to comment.

Franzese said he had placed the time limit on his testimony because "I wanted to get on with my life. . . I didn't want to become an organized crime witness who was paraded around the country to testify. That kind of thing sickens me."

"My goal in this whole thing was to get out and try to give my family a better life than what my mother and brother and sisters and I went through, because what happened to them was devastating," he said. ". . . There are certain people in government that maybe felt they personally worked on my case and would have liked to have gotten a piece of the pie. But that doesn't entitle them to a piece of me. I'm not a commodity to be cut up."

Apart from the Walters case, Franzese has testified in only one trial in return for his freedom. Last July, Franzese testified in federal court in Uniondale about how he got a former janitor to leak him information about the federal grand jury proceedings that led to his indictment on racketeering charges.



Franzese during his stay in federal prison in Los Angeles in 1987.

Photo by Alex Webb / Magnum



# Informing for **Franzese**

Federal officials said **Franzese** also has testified before at least one grand jury, but refused to give details on what information he has provided. McDonald said only that it was enough to make the pact with the government "worthwhile." **Franzese** also would not give any details.

But some government sources said they believe **Franzese** withheld most of the valuable information he had about New York mobsters. "The best information he could give is 'enterprise-type evidence' about who's who in the families and what they are doing, but that's what he's holding back on," said one source, who described **Franzese** as "extremely manipulative." Another source said that **Franzese's** current lifestyle and the money he owes the government make the results of the deal "laughable."

That opinion was echoed by Dary Matera, the Phoenix-based author who wrote the best-selling "Are You Lonesome Tonight" about a woman who claimed to be Elvis Presley's illegitimate daughter, and who is co-writing **Franzese's** biography.

"He's given them [the government] nothing. I really think he hasn't given them a thing," said Matera, whose book is slated for release next year under the title, "Quitting the Mob."

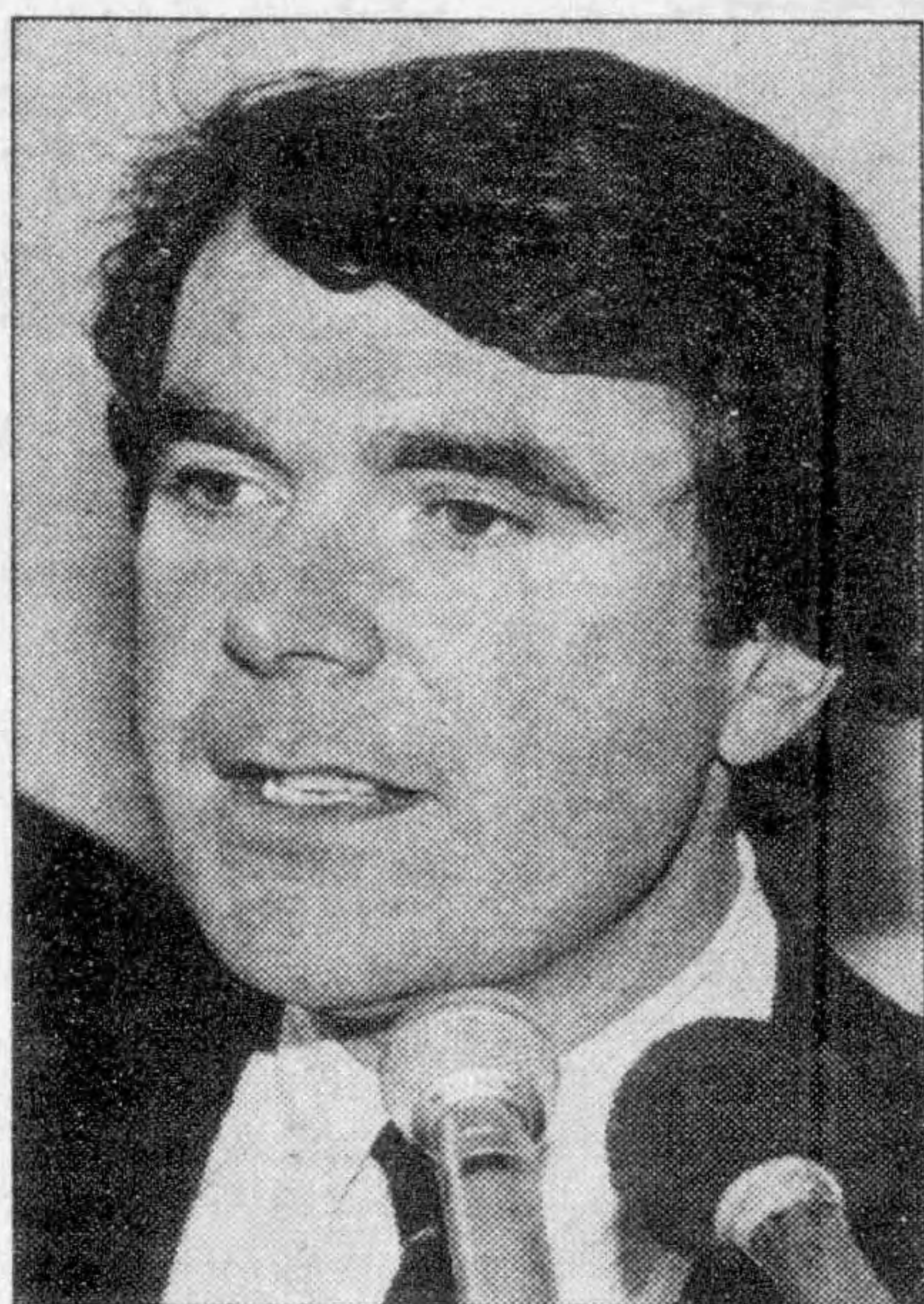
Florida officials don't care about **Franzese's** testimony. They just want their \$3-million share of his fine.

"The debt is neither forgiven nor forgotten," said Fred Damski, a state prosecutor in Broward County who prosecuted **Franzese**, adding that he held the Eastern District office responsible for getting the money for Florida.

One Florida source close to the **Franzese** case said: "If the guy is making a lot of money and living in a million-dollar house, then somebody should be able to get some of that restitution money out of him without too much trouble."

Officials entrusted with recouping the money disagree. They said that to seize **Franzese's** house or cars, they would have to prove that he owned or financed them, or was siphoning funds to the people who did. And so far, they have found no proof that he has done that. In fact, **Franzese** isn't listed as owning any property or being employed in any job, they said.

The government was supposed to receive any profits from **Franzese's** last film, "Knights of the City," but the books show no profits, said Mary Dooley, the assistant U.S. attorney assigned to collections for the



Newsday File Photo

McDonald, above, accuses Valukas of offering **Franzese** too much in return for too little, but Valukas, below, denies making any deals.



AP Photo

Eastern District. She said the government also was entitled to any rights from distributing the film's soundtrack, but it can't distribute the music without the master tapes — which disappeared after **Franzese's** arrest.

In addition, **Franzese** told the government as part of his 1986 guilty plea that it could have all his assets — including the Brookville house, co-ops in Patchogue and a house in Delray Beach, Fla. But there were already so many previous liens on the property that the federal government didn't collect a penny from the holdings, Dooley said.

"My idea of a good plea agreement is where at the sentencing, the guy shows up with the certified check," she said. "Once the agreement is set and the person is out [of jail], it's very hard to get the money."

**Franzese** said he intended to pay, but doesn't know how long it will take him to earn the money. He said he was working hard, often "12 to 14 hours a day," but wouldn't reveal what kind of activities he was involved in except to say that some of them were linked to the film industry and that they were "100 percent legit." He also wouldn't comment on who owns the house he and his family live in and the cars he drives.

**Franzese** also denied rumors that he has millions stashed in foreign bank accounts or buried in a back yard. "The belief is that I've got more than bags of money, that I've got barrels," he said. "But if anybody finds it, let me know."

Despite the money owed, McDonald insisted that he thinks the real loser in the deal was not the government, but **Franzese**, in risking the anger of other mobsters by becoming an informant.

"Did he scam his way into a situation where he isn't being penalized for what he did? I guess in a way you can say he did," McDonald said. "But on the other hand, he's going to be looking over his shoulder for the rest of his life. He's supplied information about organized crime figures who don't take that lightly."

**Franzese** disagreed.

"I did something that, technically, according to my previous lifestyle, I'm not supposed to do. So technically I'm in trouble even by signing that piece of paper," he said of his deal. "But could I tell you that I live in fear or that I'm concerned? The answer is, no . . . Whatever will be, will be."

## A Life Like a Mob Movie



Stepfather John in 1985

**FRANZESE** from Page 5

family in Southern California.

Like the fictional Corleone, **Franzese** says he dreamed of living a legitimate life but was sucked into organized crime out of love for his father. He left his studies at Hofstra University to begin his underworld career when his stepfather, John **Franzese**, a reputed Colombo mobster known as "Sonny," was imprisoned on a bank robbery conviction.

Michael **Franzese**, who produced four Grade B movies during his mob days, revealed that he is co-fielding offers to be the subject of a film or a mini-series. But perhaps because of his reservations about the Corleone and Hill characters, he hasn't yet decided if he wants to take that jump.

"That's really putting yourself in a fishbowl," he said.

**Franzese** would divulge few details about his activities since he was released from prison in May, 1989, except to say he's been working on a book about his life. But he insists that these days, he's just a regular guy.

"I'm not doing anything illegal," he said. "My life now is 100 percent legit."

— Letta Taylor

## Casualties Of Human Smuggling Multiply

By Anthony M. DeStefano and Jim Mulvaney

STAFF WRITERS

New York — It was two days after Christmas when a man walked into a travel agency on the second floor of 87 Bowery St. in Chinatown and shot two Chinese, one fatally, and fled.

"An altercation of unknown nature" was the wording of the cryptic, bare-bones police report.

The shooting is still unsolved.

But a few days after the travel agency shooting, 23 people, mostly ethnic Fujianese, were arrested in the East Tremont section of the Bronx after they allegedly kidnaped and beat an undocumented immigrant from China who had failed to pay a \$20,000 smuggling fee to enter the United States.

And now, one detective said, police are trying to determine whether the Bowery Street shooting is related to immigrant smuggling because the victim in that case also was reputed to be of Fujianese, or Fukienese, descent. Chinatown has had its share of killings and other assaults over the past year, invariably related to gang turf battles or drug trafficking. But now violence in the illegal immigration trade — long believed to be a fact of life in the city's Asian and other ethnic communities — has broken into the open.

The incidents that have come to light involve Fujianese, because much of the illegal immigration smuggling is from the Fujian province of China, a relatively new source of Asian immigrants to the United States. New York Fujianese gangs are said to be involved in the smuggling.

"It seems like they want to send a definite message that they're serious. The rings go to a lot of effort to smuggle people in, and they expect to get paid, no matter what," said Dennis Peruzzini, a special agent at the Immigration and Naturalization Service in Buffalo.

Thousands of undocumented immigrants from China and Hong Kong are believed to be smuggled into the United States each year. Many, such as Kin Wah Fong, the victim of the East Tremont incident, wind up in New York City, toiling in restaurants or sweatshops, or working as prostitutes, to pay the exorbitant fees they agreed to give the smugglers who put them in the human pipeline to the United States.

In the past, these smuggled immigrants, generally fearful about complaining to authority, endured virtual slavery and torture, including cigarette burnings, when hard-pressed to pay the smugglers their fees.

"But once they get over here and work six or seven days a week, twelve or fourteen hours a day, someone will usually tell them 'Hey, this is America, you don't have to slave away like that,'" one investigator said. But if the immigrants go to authorities or refuse to pay, police say, the smugglers retaliate.

It is difficult to quantify the number of immigrants smuggled into the United States from the Far East, partly because many just melt into American society.

"They come through with [tourist] visas and just don't go back," said Arthur Stiffel, a senior U.S. Customs Service official at Kennedy Airport.

Other immigrants try to enter the country clandestinely, without proper passports or visas, through Canada or through Mexico. A few even tried to cross the icy Niagara River

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