

Tough lady just sez no to pension fund ripoff

EXCLUSIVE

BY JOHN MARZULLI
DAILY NEWS STAFF WRITER

ALL THAT STOOD between the Colombo crime family and a \$50 million pension fund it wanted to loot was a little old lady who wasn't afraid of anything, the Daily News has learned.

Shortly after the murder of gangster William (Wild Bill) Cutolo, who had been vice president of Production Workers Local 400, the feds say, Colombo boss Alphonse (Allie Boy) Persico dispatched a cousin to take command at the local's midtown office.

But the wiseguys didn't figure on 63-year-old Kathleen Joseph, the petite but steely administrator of the union's pension fund, who had worked at Local 400 since 1968. She wasn't about to roll over to Allie's crooked stockbroker cousin, Frank Persico.

Joseph recounted her stand-off with mobbed-up union officials recently in chilling testimony at the racketeering trial of Alphonse Persico in Brooklyn Federal Court. Her account is one piece of a circumstantial jigsaw puzzle prosecutors hope will help convict Persico of Cutolo's murder when jurors resume deliberating tomorrow.

On June 1, 1999 — five days after Cutolo vanished without a trace — Local 400 President John Gannone showed up with Frank Persico and ushered him into Cutolo's office.

"Frank Persico wanted some documents," she recalled. "He wanted the names of the trustees of the pension fund, the name of the attorney for the fund. The actuaries for the funds, the accountant."

"Did you give [them] to him?" asked prosecutor Thomas Seigel.

"No," Joseph replied.

It is worth noting, prosecutor Katya Jestin told the jury in her closing arguments Wednesday, that FBI agents interviewed Alphonse Persico the very same day, and he told them he didn't even know Cutolo was missing.

Frank Persico installed himself as vice president anyway, without an election, then demanded to become a trustee of the pension fund, Joseph said. There was no opening, so Gannone resigned, and Persico was aboard.

"I was opposed to that," she added.

Persico then tried to oust Smith Barney as manager of the fund, bringing in his own cronies to make presentations. "I was not impressed," Joseph recalled.

But before any money was stolen, Frank Persico was arrested in June 2000 in one of the biggest Wall Street stock scams ever. He was released from prison last summer. His lawyer declined to comment on Joseph's testimony.

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Going straight

Ex-wiseguys give Jr. retirement tips

BY THOMAS ZAMBITO
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JOHN A. (JUNIOR) Gotti has got some decisions to make. For the first time in six years, he's not holed up in a prison cell or fending off a federal indictment — and he says he intends to live a clean life.

But with six kids to feed, a heavily mortgaged house and a bank account hard hit after he shelled out \$1 million to lawyers during three mistrials, the 42-year-old mob scion needs a second act.

A book? A restaurant? Child psychologist? Magazine publisher? Real estate titan?

Gotti has kicked around all of these prospective careers since the day he walked into a Missouri prison in 1999 and told his mob boss father he was quitting the life.

Can he do it?

Those in the know say retiring from the mob is possible — if you're willing to live without the fringe benefits: the power, the friends, the nickname.

Just ask Michael Franzese and Joe (Joe Dogs) Iannuzzi.

Franzese turned in his button 16 years ago after serving nearly eight years of a 10-year hitch for a gasoline tax-fraud scheme.

Once dubbed the Prince of the Mafia and The Long Island Don, the handsome, Brooklyn-born Franzese, 54, turned his back on the life he inherited from his mob-

ster father, moved to Southern California, wrote books and became a born-again Christian who counsels pro and college athletes about gambling.

"You're like a fish out of water," Franzese said. "What you have been in that life, it's part of you."

Iannuzzi quit the Gambino crime family in 1981 after fellow wiseguys beat him so badly for failing to repay a debt that he awoke to a priest giving him last rites. Bent on revenge, he spent the next three years working for the FBI, taking the witness stand to tell on some old friends.

The two men have both started new lives as authors, embarking on journeys — one spiritual, the other less so — that have left them bewildered by their former lives.

Iannuzzi began by spilling his thoughts onto the page, finding redemption with each vicious act he confessed. He recommends Gotti do the same.

"I really felt a lot better when it was done," said Iannuzzi, 75. "I learned that I was a [expletive] just like those other guys. I was a bully. I tried to take advantage of people when they were at their weakest point, when they needed money. ... When I watch a movie about wiseguys, I feel ashamed of myself."

Franzese did the same, collaborating on a book titled "Quitting the Mob" soon after he got out of prison, though writing was hardly a cathartic exercise.

"I didn't really find that pleasant at all," Franzese said. "I had my own personal demons to deal with."

His second book, "Blood Covenant," written 10 years after he left prison and found the Lord, came easier.

Franzese, the son of the legendary John (Sonny) Franzese, was an up-and-comer in the Colombo crime family. He only met Gotti once, at the funeral for Gotti's younger brother Frankie.

He had agreed to testify at Gotti's latest racketeering trial — had Gotti's attorneys called him — that it's possible, albeit dangerous, to quit the mob. He said he found Gotti's pledge to quit sincere, but he knew that taking the stand might irk the feds.

His advice to Gotti is to get out of New York.

"He's just got to persevere," Franzese says. "I had a real hard time, but my motivation was my family. There's no sitting on the fence. I would tell him to leave, get out of town. He's got to make sure he's doing this 1,000%. It's got to be cold turkey."

Like Gotti, Franzese has plenty of dependents — seven children from two marriages.

He's not completely over his past. A few weeks ago, he got a letter from the Justice Department.

"I was afraid to open it," he said. The letter thanked him for taking part in a seminar.

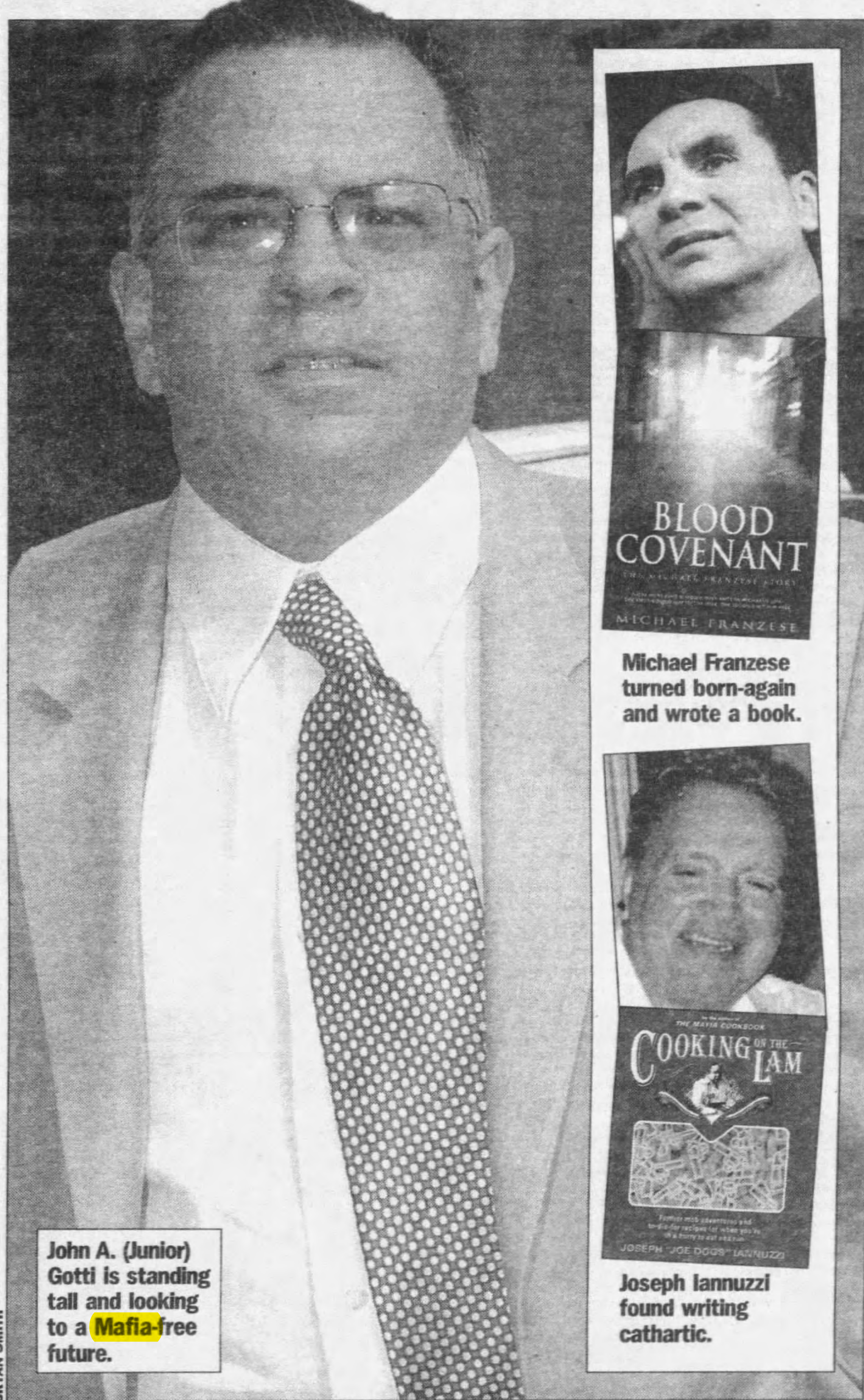
Iannuzzi, who got his nickname at Florida dog tracks, knows the feeling.

"I walk into a bar and see a good-looking girl, I say, 'Hey baby, here's a 20,'" he said. "You always have that wiseguy attitude."

Iannuzzi's latest book, "Cooking on the Lam," came out last year, and he's working on another. With each passing year, he's less afraid that he'll turn a corner and get whacked.

"Most of those guys are dead anyway," he said. "I don't even carry a gun no more."

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John A. (Junior) Gotti is standing tall and looking to a Mafia-free future.

Michael Franzese turned born-again and wrote a book.

Joseph Iannuzzi found writing cathartic.

BRYAN SMITH