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ORGANIZED CRIME IN NORTH CAROLINA

LET ME EXPRESS TO YOU MY APPRECIATION FOR BEING INVITED TO BE WITH YOU TODAY AND HAVING THE OPPORTUNITY TO DISCUSS THE INCREASING PROBLEMS OF ORGANIZED CRIME. WE KNOW TODAY THAT ORGANIZED CRIME EXISTS IN THIS COUNTRY. THIS EXISTENCE AND THE GREAT DANGERS WHICH ORGANIZED CRIME PRESENTS TO THIS COUNTRY, HAVE BEEN RECOGNIZED NOT ONLY BY LAW ENFORCEMENT OFFICIALS BUT ALSO BY THE PRESIDENT, THE CONGRESS, AND NATIONAL BUSINESS AND CIVIC GROUPS SUCH AS THE UNITED STATES CHAMBER OF COMMERCE. IN THIS STATE, THE ATTORNEY GENERAL'S OFFICE IS PARTICULARLY CONCERNED ABOUT THIS PROBLEM PRIMARILY FOR TWO REASONS.

FIRST, WE KNOW WHAT CAN HAPPEN IF ORGANIZED CRIME IS ALLOWED TO GAIN A Foothold IN A COMMUNITY FOR IT IS ONLY A MATTER OF TIME BEFORE THE MOB STARTS CONTROLLING THE WHOLE COMMUNITY, INCLUDING EVEN CITY HALL. THEREFORE, WE FEEL LIKE WE MUST BEGIN TO TAKE STEPS NOW TO PREVENT THE INFUX OF THIS ELEMENT FROM COMING INTO OUR STATE.

SECONDLY, WE ARE CONCERNED ABOUT THE REPORTS INDICATING THE EXISTENCE OF SOME ORGANIZED CRIMINAL ACTIVITY ALREADY IN THIS STATE. ORGANIZED CRIME ELEMENTS MUST KNOW THAT THEY ARE NOT WELCOME HERE IN NORTH CAROLINA, AND THAT OUR PEOPLE WILL NOT TOLERATE THEIR EXISTENCE.

WHEN WE TALK ABOUT ORGANIZED CRIME, THE FIRST QUESTION WE ALWAYS ASK IS: WHAT IS IT? YOU WILL PROBABLY GET A DIFFERENT ANSWER TO THIS QUESTION DEPENDING ON WHAT PART OF THE COUNTRY YOU ARE IN AT THE TIME. IN NEW YORK, CHICAGO, WASHINGTON OR MIAMI, ORGANIZED CRIME WOULD PROBABLY BE DEFINED AS LACOSA NOSTRA OR THE NATIONAL CRIME SYNDICATE WHICH ARE MADE UP BY AN ESTIMATED 24 POWERFUL MAFIA FAMILIES WHO HAVE BANDED TOGETHER IN SORT OF A LOOSE COALITION TOGETHER WITH LOCAL CRIME CZARS AROUND THE COUNTRY. THESE POWERFUL GANGS HAVE BECOME THE GENERAL MOTORS OF THEIR INDUSTRY AND HAVE BANDED TOGETHER TO PREVENT TROUBLE, DRIVE OUT COMPETITION, AND GIVE AID AND ASSISTANCE TO EACH OTHER.

HOWEVER, IT WOULD BE A BAD MISTAKE TO LIMIT OUR DEFINITION OF ORGANIZED CRIME TO THESE LACOSA NOSTRA FAMILIES AND TO THINK THAT IF WE DO NOT HAVE FAMILY MEMBERS OPERATING IN OUR STATE THEN WE DON'T HAVE ORGANIZED CRIME. FOR ORGANIZED CRIME IS ANY GROUP OF PEOPLE THAT BAND TOGETHER IN A CONTINUING CRIMINAL CONSPIRACY WHERE PROFIT AND POWER ARE THE MOTIVE AND UNLAWFUL ACTIVITIES ARE THE MEANS. A SMALLER SCALE ORGANIZED CRIME GROUP OPERATING IN A COMMUNITY IN NORTH CAROLINA CAN POSE JUST AS GREAT A PROBLEM FOR THAT COMMUNITY AS ONE OF THESE POWERFUL MAFIA FAMILIES CAN FOR A CITY SUCH AS NEW YORK.

IN DEFINING JUST WHAT ORGANIZED CRIME IS, WE MUST REMEMBER THAT IT IS NOT JUST A SPORADIC BUSINESS VENTURE BUT

RATHER AN ONGOING BUSINESS EVEN THOUGH THERE MAY BE JOINT VENTURES WITH OTHER GROUPS. TARGETS ARE PLANNED, EXPENSES ARE FIGURES, AND PERSONNEL IS RECRUITED JUST LIKE YOU MIGHT DO IN YOUR OWN BUSINESSES OR PROFESSIONS. IF THE BUSINESS IS SUCCESSFUL, LAWYERS AND ACCOUNTANTS ARE USED; NEW TERRITORIES AND PRODUCTS MIGHT BE SEARCHED OUT AND SUBSIDIARY GROUPS MIGHT BE TAKEN IN. IN SHORT, IF LEFT ALONE, A LOCAL ORGANIZED CRIMINAL GANG WILL BECOME MORE AND MORE POWERFUL AND SOPHISTICATED.

ANOTHER QUESTION YOU MIGHT ASK: "WHY IS ORGANIZED CRIME ANY DIFFERENT FROM ORDINARY STREET CRIME?" I BELIEVE ONE REASON IS SIMPLY BECAUSE IT IS ORGANIZED. THE ARREST OF A LOWER LEVEL MEMBER OF THE GROUP WILL NOT DISSOLVE THE GANG'S OPERATION EVEN THOUGH IT IS THESE MEMBERS THAT DO THE DIRTY WORK FOR THE GANG. VARIOUS SPECIALISTS ARE USED AND IN ORDER TO BUST UP THE ACTIVITIES OF AN ORGANIZED CRIME OPERATION, YOU HAVE TO BUST UP THE OPERATION ITSELF.

ANOTHER THING THAT MAKES ORGANIZED CRIME DIFFERENT FROM ORDINARY STREET CRIME IS THE NATURE OF THE ILLEGAL ACTIVITIES IN WHICH ORGANIZED CRIME USUALLY ENGAGES. THESE ACTIVITIES HAVE BEEN LABELED "CONSENTUAL OR VICTIMLESS CRIMES" WHICH INCLUDE SUCH THINGS AS GAMBLING, LOANSHARKING, NARCOTICS, ILLEGAL LIQUOR TRAFFIC, LABOR RACKETEERING, AND THE FENCING OF STOLEN PROPERTY. GAMBLERS DO NOT REPORT

THEIR BOOKIES, DRUG ADDICTS DO NOT REPORT THEIR PUSHERS, AND THE BUYER OF STOLEN GOODS DOES NOT REPORT THE PERSON WHO SOLD THEM TO HIM OR THAT THE GOODS ARE STOLEN. SINCE THERE ARE NO COMPLAINTS, AN UNDERWORLD OPERATION CAN GO ON FOR YEARS IN RELATIVE SECRECY. MANY POLICE OFFICIALS CONCLUDE THAT THE ABSENCE OF COMPLAINTS MEANS THE ABSENCE OF ORGANIZED CRIME. NOTHING COULD BE FURTHER FROM THE TRUTH.

ANOTHER MISCONCEPTION THAT MOST PEOPLE HAVE IS THAT ORGANIZED CRIMINAL GROUPS LIMIT THEIR ACTIVITIES TO THESE SO-CALLED VICTIMLESS CRIMES. THIS SIMPLY IS NOT TRUE. WE KNOW THAT THESE ORGANIZED CRIME GROUPS, INCLUDING THE LACOSA NOSTRA FAMILIES, WILL DO JUST ABOUT ANYTHING ILLEGAL TO MAKE A DOLLAR. LEADING UNDERWORLD FIGURES AROUND THE COUNTRY WHO MOST PEOPLE, INCLUDING LAW ENFORCEMENT, THOUGHT WERE ONLY ENGAGED IN ACTIVITIES SUCH AS GAMBLING AND LOANSHARKING, HAVE RECENTLY BEEN CAUGHT AND CONVICTED FOR SUCH THINGS AS HIJACKING, ARMED ROBBERY, MURDER, THEFT OF STOLEN SECURITIES AND BURGLARIES.

A MAN WHO HAD A NATIONAL GAMBLING LAY-OFF OPERATION, WAS RECENTLY CAUGHT IN ATLANTA FOR USING STOLEN CREDIT CARDS. NOT TOO LONG AGO A TOP LIEUTENANT IN THE BUFFALO, NEW YORK, LACOSA NOSTRA FAMILY WAS CAUGHT AND CONVICTED FOR ORDERING THE BURGLARY OF A HOUSE THOUGHT TO CONTAIN A LOT OF MONEY IN

ELIZABETHTOWN, NORTH CAROLINA. MOST ORGANIZED CRIME LEADERS GOT THEIR START AS BOOTLEGGERS BACK IN THE PROHIBITION ERA. WHEN PROHIBITION WAS REPEALED, THESE PEOPLE USED THE SAME CONTACTS AND KNOWLEDGE THAT THEY HAD ACQUIRED IN BOOTLEGGING TO GO INTO OTHER FIELDS. IT SEEMS THAT ONE THING THESE PEOPLE WERE NOT GOING TO DO IS GO OUT AND EARN AN HONEST DOLLAR.

ONE OF THE MOST FRIGHTENING ASPECTS OF ORGANIZED CRIME IS ITS INFILTRATION INTO LEGITIMATE BUSINESS. THE PRESIDENT'S COMMISSION ON LAW ENFORCEMENT AND THE ADMINISTRATION OF JUSTICE REPORTED THAT "RACKETEERS CONTROL NATIONWIDE MANUFACTURING AND SERVICE INDUSTRIES WITH KNOWN AND RESPECTED BRAND NAMES." FOR EXAMPLE, ONE CRIMINAL SYNDICATE REPORTEDLY OWNS REAL ESTATE VALUED AT THREE HUNDRED MILLION DOLLARS. EVEN MORE STARTLING, RECENT DISCLOSURES BY SENATE INVESTIGATING COMMITTEES SHOW THAT ORGANIZED CRIME NOW CONTROLS LARGE BANKS AND HAS INFILTRATED WALL STREET WHERE IT STEALS AND MANIPULATES STOCKS AND BONDS. IT HAS ALSO BEEN REVEALED THAT ORGANIZED CRIME OWNS HOTELS, MOTELS, RESTAURANTS, GARBAGE COLLECTION COMPANIES AND MANY OTHER BUSINESSES. FINALLY, MANY OF THE SYNDICATES HAVE RECENTLY BEEN FORMING SHELL CORPORATIONS AND SELLING STOCKS IN THESE CORPORATIONS BASED ON FRAUDULENT BALANCE SHEETS.

WHEN WE LOOK AT THE INFILTRATION OF LEGITIMATE BUSINESS BY ORGANIZED CRIME, WE ARE LOOKING AT THE LOGICAL RESULTS OF

THE ACCUMULATION OF MASS UNTAXED PROFITS. LEGITIMATE BUSINESS PROVIDES MANY THINGS TO ORGANIZED CRIME. IT PROVIDES A PLACE FOR ORGANIZED CRIME TO INVEST ITS ILLEGAL MONEY IN ORDER TO TURN DIRTY MONEY INTO CLEAN MONEY. IT MAY PROVIDE A SOURCE OF INCOME WITHIN ITSELF BECAUSE THE BUSINESS MIGHT BE A VERY PROFITABLE ONE. IT PROVIDES A SOURCE OF REPORTABLE INCOME FOR INCOME TAX PURPOSES. IT MAY PROVIDE A COVER FOR ILLEGAL OPERATIONS AND IT USUALLY PROVIDES A CERTAIN RESPECTABILITY AND SOCIAL STANDING FROM WHICH ORGANIZED CRIMINALS CAN INFILTRATE AND CORRUPT PUBLIC OFFICIALS.

TO WHAT DEGREE DO WE HAVE AN ORGANIZED CRIME PROBLEM IN NORTH CAROLINA? TO A LARGE EXTENT WE JUST DO NOT KNOW THE SCOPE OF OUR PROBLEM IN THIS STATE. TO REALLY FIND THE TRUE PICTURE OF THE OPERATIONS OF AN ORGANIZED CRIMINAL GROUP, WE NEED UNITS OF SPECIALLY TRAINED MEN WITH SPECIAL EQUIPMENT WHO CAN DEVOTE ALL THEIR TIME AND ENERGIES TO THIS TASK. WE DO KNOW THAT NORTH CAROLINA IS NOT A MAJOR HOME BASE FOR ANY OF THE RECOGNIZED LACOSA NOSTRA FAMILIES.

IN THOSE AREAS OF THE COUNTRY WHERE MAJOR ORGANIZED CRIME FAMILIES EXIST, THE FEDERAL GOVERNMENT HAS RECENTLY SENT IN STRIKE FORCES COMPOSED OF FEDERAL ATTORNEYS AND COMBINED FEDERAL LAW ENFORCEMENT AGENTS. THESE GROUPS HAVE COMBINED WITH STATE AND LOCAL LAW ENFORCEMENT AND HAVE BEEN VERY EFFECTIVE IN PUTTING THE SQUEEZE ON SOME OF THESE CRIME

FAMILIES. HOWEVER, ONE UNFORTUNATE RESULT OF THESE SUCCESSES IS THAT MANY OF THE FAMILY MEMBERS ARE DRIVEN INTO OTHER STATES TO FIND NEW BASES OF OPERATION AND NEW SOURCES OF INCOME. THUS, WE KNOW THAT AT LEAST TWO COSA NOSTRA FAMILIES ARE INVESTING MONEY IN VARIOUS BUSINESS AND REAL ESTATE VENTURES IN THIS STATE. WE ALSO HAVE LEARNED THAT CERTAIN CRIMINALS IN THIS STATE HAVE DIRECT CONTACTS WITH ORGANIZED CRIME FAMILIES. EVEN RECENTLY, A KNOWN MEMBER OF A CLEVELAND ORGANIZED CRIME FAMILY MOVED TO THIS STATE AND PURCHASED A MOTEL.

IN THE AREA OF CIGARETTE SMUGGLING, A PRELIMINARY REPORT OF A NEW YORK STATE INVESTIGATING COMMISSION CAME OUT SEVERAL MONTHS AGO STATING THAT THE ORGANIZED CRIME FAMILIES IN NEW YORK HAVE NOW ALMOST COMPLETELY TAKEN OVER THE CIGARETTE SMUGGLING BUSINESS. THE PROFITS IN THIS RACKET ARE ENORMOUS.

AS ALL OF YOU KNOW, MOST OF THE CIGARETTES ARE BOUGHT RIGHT HERE IN NORTH CAROLINA YET THESE RACKETEERS ARE NOT VIOLATING ANY OF OUR LAWS. THERE IS A STRONG INDICATION THAT ONE WHOLESALE CIGARETTE COMPANY IN NORTH CAROLINA IS ALREADY CONTROLLED BY THE MOB, AND THE NEW YORK POLICE TELL US THAT THE NEXT STEP FOR THE SYNDICATE WILL BE TO TRY TO INFILTRATE THE TOBACCO COMPANIES THEMSELVES. ALSO, HUNDREDS OF THOUSANDS OF DOLLARS WORTH OF CIGARETTES ARE BEING HI-JACKED AND ACCORDING TO THE REPORT, TRUCKING COMPANIES CAN NO LONGER GET INSURANCE TO HAUL CIGARETTES.

IN THE AREA OF NARCOTICS, WE DO HAVE WELL ORGANIZED NARCOTIC RINGS IN THIS STATE. NARCOTICS ARE OFTEN FLOWN INTO THIS STATE IN PRIVATE PLANES. NOT LONG AGO, ONE INDIVIDUAL WHO LIVES IN EASTERN NORTH CAROLINA WAS ARRESTED WITH ENOUGH HEROIN IN HIS POSSESSION TO BRING IN EIGHT MILLION DOLLARS ON THE STREETS.

NORTH CAROLINA ALSO HAS SEVERAL LARGE ORGANIZED CRIMINAL GANGS THAT OPERATE ALL OVER THE STATE. ONE OF THESE GANGS SPECIALIZES IN STEALING FARM EQUIPMENT. THEY WILL TAKE AN ORDER FOR A LARGE TRACTOR AND THEN GO OUT AND LOCATE A SIMILAR TRACTOR AND STEAL IT. ANOTHER GROUP SEEMS TO SPECIALIZE IN BREAKING INTO EXCLUSIVE RESIDENTIAL NEIGHBORHOODS THROUGH THE STATE. THESE JOBS ARE DONE BY REAL PROFESSIONALS WHO ARE FULLY EQUIPPED WITH EVERYTHING THEY NEED TO AVOID DETECTION INCLUDING POLICE RADIOS.

THERE IS ALSO A BAND OF CRIMINALS THAT OPERATE IN NORTH CAROLINA AS WELL AS OTHER STATES THROUGHOUT THE SOUTH THAT HAVE BEEN LABELED THE DIXIE MAFIA. THESE PEOPLE ARE INVOLVED IN JUST ABOUT ANYTHING ILLEGAL INCLUDING BREAKING AND ENTERING, FENCING STOLEN MERCHANDISE, NARCOTICS AND CONTRACT MURDERS. TWO OF THEM FROM ATLANTA WERE CAUGHT RECENTLY BREAKING INTO SOME HOMES IN EASTERN NORTH CAROLINA.

IN ADDITION, NORTH CAROLINA HAS ITS GAMBLING OPERATIONS. WE KNOW THAT GAMBLING IS THE BIGGEST MONEY-MAKER FOR ORGANIZED

CRIME. THE MOST CONSERVATIVE ESTIMATE IS THAT GAMBLING PROVIDES A NET PROFIT TO ORGANIZED CRIME OF OVER SIX BILLION DOLLARS A YEAR. THE BREAK-UP OF ONE LARGE GAMBLING OPERATION IN THE CHARLOTTE AREA WAS RECENTLY ANNOUNCED BY THE FBI. STILL, WE KNOW THAT THERE ARE LOTTERY OPERATIONS GOING ON IN THIS STATE AS WELL AS HIGHLY ORGANIZED SPORTS BOOKMAKING. UNFORTUNATELY, KNOWN GAMBLING RACKETEERS FREQUENT OUR STATE OFTEN.

ORGANIZED CRIME MUST NOT BE ALLOWED TO GO UNCHECKED. IF IT IS, IT WILL HAVE THE EFFECT OF SPREADING LIKE A CANCER. WHEN AN ORGANIZED CRIME OPERATION IS ALLOWED TO GO UNCHECKED, IT HAS MANY EFFECTS ON THE WHOLE COMMUNITY. IT PROVIDES A MODEL OF SUCCESS FOR IMPRESSIONABLE YOUTH IN OUR GHETTOS AND POOR AREAS. IT HAS A DIRECT RELATIONSHIP TO STREET CRIME THROUGH ENCOURAGING NARCOTICS ADDICTS TO STEAL, PROVIDING FENCING OPERATIONS FOR BURGLARS AND SHOPLIFTERS AND BY ENGAGING DIRECTLY IN BURGLARIES AND HI-JACKINGS. WHEN ALLOWED TO GAIN ENTRY INTO LEGITIMATE BUSINESSES, HONEST BUSINESSMEN AND CONSUMERS ARE THE LOSERS. THE HONEST BUSINESSMAN CANNOT OPERATE WITH THE ORGANIZED CRIME OPERATION BECAUSE HE DOES NOT HAVE THE VAST UNTAXED RESOURCES NOR DOES HE USE THE ILLEGAL METHODS THAT ORGANIZED CRIMINALS WILL NOT HESITATE FOR A MINUTE TO USE. THE PUBLIC TAX BURDEN IS INCREASED WHEN ORGANIZED CRIME DRAINS BILLIONS OF UNTAXED DOLLARS FROM OUR ECONOMY -- DOLLARS THAT COULD BE USED FOR EDUCATION, HOUSING, RESEARCH AND SOCIAL SERVICES.

I WOULD LIKE TO MENTION SOME OF THE THINGS THAT WE ALL MUST DO TO HELP COPE WITH THIS PROBLEM. THIS SURELY IS AN AREA WHERE AN OUNCE OF PREVENTION IS WORTH A TON OF CURE. ONCE THE ORGANIZED CRIME SYNDICATE IS ALLOWED TO GET ITS FOOT IN THE DOOR OF YOUR BUSINESS OR INDUSTRY, IT IS VERY DIFFICULT TO REMOVE IT. THERE IS A NORMAL REACTION AMONG BUSINESSMEN THAT IT CAN NEVER HAPPEN TO ME. THUS, FEW COMPANIES TAKE ANY ACTIVE STEPS TO PROTECT THEMSELVES AGAINST EXPLOITATION.

THOSE OF US CONNECTED WITH THE CRIMINAL JUSTICE SYSTEM MUST DO MANY THINGS TO CONTROL AND PREVENT ORGANIZED CRIME IN NORTH CAROLINA. WE MUST INCREASE AND EXPAND INTELLIGENCE EFFORTS. WE MUST SUCCESSFULLY ARREST AND PROSECUTE ORGANIZED CRIMINALS. WE MUST FIGHT FOR NEW LEGISLATION AND GREATER APPROPRIATIONS TO FIGHT ORGANIZED CRIME. WE MUST EDUCATE THE PUBLIC TO THE DANGERS OF ORGANIZED CRIME AND INFORM THE PUBLIC OF WHAT ORGANIZED CRIME IS DOING AND MAY DO FURTHER.

LAST YEAR AT OUR REQUEST, GOVERNOR SCOTT SIGNED AN EXECUTIVE ORDER CREATING THE NORTH CAROLINA ORGANIZED CRIME PREVENTION COUNCIL. THIS COUNCIL IS COMPOSED OF SEVEN MEN AND THE ATTORNEY GENERAL SERVES AS CHAIRMAN. THE PURPOSE OF THE COUNCIL IS TO TRY TO DETERMINE THE EXTENT AND SCOPE OF ORGANIZED CRIME IN THIS STATE AND TO DEVELOP A STRATEGY TO CONTROL ORGANIZED CRIME AND PREVENT ITS FUTURE ENCROACHMENT.

THE STATE BUREAU OF INVESTIGATION HAS SET UP AN ORGANIZED CRIME INTELLIGENCE DIVISION AND HAS ASSIGNED AGENTS TO WORK FULL TIME ON ORGANIZED CRIME. SEVERAL OF THE LARGER CITIES IN OUR STATE HAVE SET UP INTELLIGENCE UNITS TO CONCENTRATE PRIMARILY ON ORGANIZED CRIME.

AS WORKING AND PROFESSIONAL MEN, YOU, YOURSELVES, MUST SEEK OUT AND RECOGNIZE THE SIGNS OF ORGANIZED CRIME IN YOUR MIDST. YOU SHOULD ENCOURAGE YOUR BUSINESS AND TRADE ASSOCIATIONS TO ESTABLISH WORKING RELATIONSHIPS WITH LAW ENFORCEMENT AGENCIES TO HELP YOU KEEP INFORMED OF CRIMINAL TRENDS AND ASSOCIATES IN YOUR INDUSTRY. YOU SHOULD DETERMINE AS BEST YOU CAN FOR YOUR TRADE ASSOCIATION OR LAW ENFORCEMENT AGENCY WHO YOU ARE DEALING WITH IN A BUSINESS TRANSACTION THAT YOU SUSPECT IS LESS THAN TOTALLY HONEST. YOU MUST COME FORWARD AND INITIATE COMPLAINTS AGAINST THOSE YOU SUSPECT ARE INVOLVED IN ORGANIZED CRIME. YOU MUST TAKE AN ACTIVE AND HELPFUL STAND ON LEGISLATION AND INCREASED APPROPRIATIONS DESIGNED TO FIGHT ORGANIZED CRIME.

THE SERVICES OF THE ATTORNEY GENERAL'S OFFICE AND THE STATE BUREAU OF INVESTIGATION ARE AVAILABLE TO YOU TO HELP SOLVE THE PROBLEM OF ORGANIZED CRIME. WITHOUT YOUR HELP AND YOUR ACTIVE COOPERATION OUR EFFORTS MAY NOT BE ENOUGH, FOR, AS LINCOLN SAID MORE THAN A CENTRY AGO, "A HOUSE DIVIDED CANNOT STAND." TOGETHER, WE IN NORTH CAROLINA AND THROUGHOUT THE UNITED STATES SHALL SURELY SUCCEED.