

INTRODUCTION

It shall be the duty of the commissioner [of alcoholic beverage control] to supervise the manufacture, distribution and sale of alcoholic beverages in such a manner as to promote temperance and eliminate the racketeer and bootlegger. N.J.S.A. 33:1-3 (1933)

In 1920, the United States embarked on a grand moral experiment by prohibiting the manufacture and sale of alcoholic beverages. The experiment, known as Prohibition, was embodied in the 18th Amendment to the Constitution. Prohibition's repeal in 1933 was an acknowledgement that the experiment had failed. But the repeal was also motivated by a recognition that the only group to profit from Prohibition had been organized crime. In fact, it can be argued that Prohibition was an important economic breeding ground for organized crime as we know it today.

It was for that reason that the New Jersey Legislature made it clear in 1933 that "racketeers and bootleggers" and others of ill repute were not welcome in the newly legalized alcoholic beverage industry at any level. Despite this statutory admonition, a handful of the nation's biggest bootleggers became legitimate, then created some of the largest distilling companies in the world — companies that are still giants in the industry today. So while bootleggers themselves are no longer in the industry, their corporate offspring are.

Just seven years ago the Legislature restated the 1933 policy and the mission of the state Division of Alcoholic Beverage Control (ABC) regarding the industry and the underworld:

To protect against the infiltration of the alcoholic beverage industry by persons with known criminal records, habits or associations N.J.S.A. 33:1-3.1(5).

Pursuant to that statute, the ABC adopted a regulation designed to provide more detailed guidance to licensees:

No licensee shall allow, permit or suffer in or upon the licensed premises the habitual presence of any known prostitute, gangster, racketeer, notorious criminal, or other person of ill repute. N.J.A.C. 13:2-23.5(a).

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It was against this background that the State Commission of Investigation began its inquiry into

organized crime control of bars and restaurants in New Jersey. The Commission had no evidence that such control was widespread and did not develop such data during its investigation. But what control did exist was blatant, with the State and its municipalities doing little to enforce the fundamental policies established by the Legislature in 1933 and restated in 1985. So great was this enforcement failure that one city, Hoboken, twice renewed the liquor license of an establishment after it had been exposed in a widely publicized federal trial as a meeting place and headquarters for a powerful faction of the Genovese crime family in New Jersey.

The Commission held a public hearing on February 18 and 19, 1992, during which it called as witnesses the owners of several bars and restaurants with organized crime ownership or control. Most invoked their Fifth Amendment right not to incriminate themselves and refused to answer questions. The Commission also called several organized crime members and associates, who also chose to remain silent. These appearances, however, were followed by the testimony of Commission special agents, who provided the information that was not forthcoming from the witnesses.

To buttress the agents' testimony, two former organized crime figures, including Thomas DelGiorno, a former capo (captain) in the Bruno/Scarfo crime family, provided first-hand information about licensed beverage establishments owned or operated by the mob. DelGiorno testified about bars in southern New Jersey and Philadelphia. The other witness, who was identified only as a former Bruno/Scarfo associate, testified about places in northern New Jersey.

DelGiorno was asked by Commission Counsel Ileana N. Saros why organized crime figures wanted to own bars or restaurants, places that might not seem like particularly lucrative sources of income. He said bars or restaurants are often used as vehicles through which to launder money from illegal activities such as gambling, loansharking or narcotics trafficking. But he said they are also used simply as

meeting places and headquarters for organized crime groups or leaders.

In the case of a restaurant he once owned in South Philadelphia—Cous' Little Italy—DelGiorno testified:

In my — in my instance when I first bought Cous' I bought it only for — it was a little place at the time and I bought it only for a place to — like an office where I could hang out, a place where people could come and meet me and a place where I could get messages.

As time went on it became so successful that it — you know, it made money in spite of me, actually. It just took off because of the chef and because of the location. It just made money. I didn't — I never dreamt it was going to make that much money but, anyway, that's one — that's my case but there's a lot of reasons.

You can buy a bar to — to wash money in the sense where you can go over and buy that bar like I did and — I had a little mortgage owning Cous's, but it was with the buffer so it wasn't important but you could buy a bar and have a mortgage with a bank, use illegal money to pay the bank off quicker and establish yourself in — you know, very good credit, go back and pick out something else you want to buy, go back to the bank, refinance that, do the same thing, pay it off real quick with illegal money and just snowball it up into that legitimately if you want to do that.

You can also take a restaurant in the case that I did and instead of showing the money you could hide the money and use that money in a loanshark business or in a business to finance drugs. You can do the reverse. I did the reverse.

I, you know, hid the money but there's a lot of things you can do with it. I mean a lot of things. It's an office, it's a place for people to meet. It's a place where people can locate you, to meet new people, funnel money. It's a place where you can hide money, steal money. It's multiple ways to use it. It depends on the individual and how he wants to use it.

Because it is not illegal for an organized crime figure to own a business so long as that enterprise operates within the law, many mobsters own businesses openly and law enforcement normally cannot touch them. But a liquor license is a privilege granted under specific conditions requiring, among other things, a threshold of integrity and freedom from criminal associations. Government has an affirmative obligation not to grant liquor licenses to persons who do not meet the statutory criteria. Agencies that ignore this obligation are not complying with the law and do a disservice to society.

Although municipal police normally conduct background investigations on applicants for liquor licenses, some municipal officials have argued that their police are too busy with street crime and other public safety matters to pay attention to who owns licensed beverage establishments in their towns. And besides, they ask, who cares whether or not a mobster owns a local bar? The argument is a specious one. The Commission firmly believes that any effort against organized crime, which is responsible for much of the drug trafficking in our society, ultimately will have an impact on street crime.

Attacking organized crime through the regulatory process is but one of many methods that can be employed in the constant battle against this public menace. It proved successful in Atlantic City with the creation in 1977 of the Joint Task Force by which the State ABC, with the assistance of the county

prosecutor's office and the State Police, took over from municipal officials the authority to investigate applications for liquor licenses before approval by the city. Although organized crime has been in Atlantic City for years, as it has been in most of the state's urban areas, the Joint Task Force has kept it out of the liquor business there simply by vigorous and thorough investigations of the backgrounds of applicants for licensure.

* * *

At its public hearing, the Commission staff released data regarding more than 20 licensed premises that were controlled either openly by organized crime figures or by undisclosed owners who should have been disqualified from licensure because of their organized crime connections or their criminal records. This report will cover not only those establishments but also some not previously mentioned. Obviously, there are yet more bars reputed to be controlled by organized crime but which the Commission staff could not investigate because of limitations of time and resources.

This report will also deal with administrative deficiencies at the State Division of Alcoholic Beverage Control that have permitted licensees, including organized crime figures, to avoid regulatory sanctions.

Finally, appended to this report is the text of a statement issued by the Commission in March recommending a state takeover from municipalities of much of the authority to issue liquor licenses.

TAINTED LICENSES

Both Thomas DelGiorno and the Commission's other organized crime witness testified about bars or restaurants they knew to be owned or controlled secretly by organized crime figures who, because of either criminal records or criminal associations, could not have their own names on the liquor licenses and used fronts instead. In other cases, the licensees of record, although the true owners, should not have been licensed because of other disqualifying factors, and municipal or state ABC officials did nothing to suspend such licenses. In all these cases, the Commission believes that thorough background investigations would have revealed that the applicants were legally unfit for licensure.

CASELLA'S

Of all the licensed beverage establishments in the state, Casella's Restaurant in Hoboken was perhaps the quintessential mob headquarters, meeting place and hangout. Casella's is to the New Jersey arm of the Genovese crime family what the more famous Ravenite Social Club in New York's Little Italy is to the Gambino/Gotti family. (Ironically, it was at Casella's that Louis "Bobby" Manna discussed murdering John Gotti on behalf of the Genovese family.)

In testimony at the public hearing, FBI Special Agent Robert Lenehan described Casella's as "a safe haven, a secure stronghold where (Manna) could meet his criminal associates and direct his criminal operations on behalf of the Genovese family." Manna has now been convicted on federal racketeering and conspiracy charges and has been sentenced to 80 years in prison. At the time of his conviction, he was the consigliere (counselor) — the third ranking member — of the Genovese crime family, one of the most powerful families in the nation. Casella's was owned by Martin "Motts" Casella, a longtime associate of

Manna who was convicted with him and who has since died in federal prison.

Agent Lenehan further described Casella's as a

secure, virtually impregnable stronghold.... Nothing happened in Casella's Restaurant without Marty's knowledge; there were look-outs on the street and watchful eyes at the bar. Even certain bathrooms were off limits to patrons because they were used as secure meeting rooms for Bobby, Marty and their close associates. For years, Casella's control and influence in the blocks surrounding Casella's led FBI agents to conclude that the restaurant was virtually immune to electronic surveillance, our most valued investigative and prosecutive technique.

Presumably, those "watchful eyes" Lenehan referred to did not include Hoboken authorities, who continually renewed Martin Casella's liquor license, despite his notorious and long association with Manna and the Genovese crew.

* * *

In 1977, Manna was released from a state prison where he had been confined for five years for civil contempt for his refusal to answer questions regarding organized crime before this Commission. Shortly after his release, he began to reclaim control of the rackets he had lost while incarcerated. By 1980, Manna had become consigliere of the Genovese family. In the words of FBI Agent Lenehan, Manna held

one of the three most powerful positions in any LCN (La Cosa Nostra) family, responsible for advising the boss, controlling the

capos, one of the chain of command who could authorize murders and make the major decisions of the family — in the thin air of conclaves of bosses, Commission meetings, making and breaking bosses, the LCN boardroom.

And most of these decisions were made at Casella's.

In his testimony, Lenehan was describing the period leading up to the investigation, trial and conviction of Manna, Casella and other figures in the Genovese crime family. Lenehan noted that Manna's usual haunts were the street corners of Manhattan's Little Italy, but in the late 1980s New York became a "swirling arena of law enforcement pressure" and Manna returned more often to the relatively safe haven of Hudson County and Casella's.

In 1987, the FBI, despite the difficulties already described, succeeded in planting listening devices in Casella's. Monitored together with the State Police, the Division of Criminal Justice and the IRS, the devices revealed the extent to which the restaurant was used by Manna and his associates. It had become evident, Lenehan testified, "that by early 1988 the legitimate business enterprise of Casella's was virtually non-existent and it had effectively become little more than a typical mob social club." He also likened the restaurant to "the board room of the New Jersey operations of the Genovese family."

The Commission's protected witness, a former northern New Jersey associate of the Bruno/Scarfo family, also testified about Casella's:

Q. How did Bobby Manna use Casella's Restaurant?

A. Well, it was a meeting place for anybody who wanted to see him or, you know, from other families or his own family, whatever.

Q. Did you ever have a sit-down at Casella's Restaurant?

A. Yeah, I had a sit-down with a customer that they had taken from me by one of his

controllers, Bobby Manna's controllers, and [I] went there with Freddie Salerno in a sit-down and they gave him back.

Q. Who was the subject of that?

A. Petey Cap. Petey Cap is with Bobby Manna and he's in the gambling business, and he had stolen one of my runners.

Q. How was that dispute resolved?

A. It was ruled in my favor and Bobby told Petey Cap, make sure that he got back to me.

Q. Is Petey Cap, Petey Caporino?

A. Yes.

Q. Do you know Alfred Salerno, Freddie Salerno?

A. Yes.

Q. What position in what family was he?

A. Bruno/Scarfo family, he was a soldier.

Q. He was murdered in 1980. Do you know why?

A. Well, supposedly Freddie Salerno and Tony Bananas did (killed) Angelo Bruno, and also over a giant number package in Jersey City, two million dollars a day, numbers.

Q. How much a day?

A. Two million.

Q. Did you ever drive Freddie Salerno to Casella's Restaurant?

A. Yes.

Q. For what purpose?

A. To see Bobby Manna.

Q. Do you recall how many times, approximately, you did that?

A. I don't know, four, five, six times, I don't know.

Q. Do you know why he was meeting with Bobby Manna?

A. It had something to do with gambling.

Q. Did Salerno ever send you to Casella's Restaurant?

A. Yes.

Q. Why?

A. To set up a meeting with Bobby Manna.

Q. You referred to Petey Cap, Peter Caporino, an associate in the Genovese family?

A. Yes.

Q. To whom did he report?

A. Bobby Manna, or Motts.

Q. And what were his illegal activities?

A. Mainly gambling, but a little bit of shylocking also.

Q. Did you ever meet Petey Cap at Casella's Restaurant?

A. Yes.

Q. For what purpose?

A. Over a runner that they stole from me.

Q. Did you ever see Hoboken Peter Libutti at Casella's Restaurant?

A. Pete Libutti, yeah, I've seen him.

Q. What position did he hold?

A. He's an associate of the Genovese family.

Q. And what illegal activity did he engage in?

A. Fencing mostly, you know, jewelry, gold, silver, bonds, securities, things like that.

Q. What did Hoboken Pete do at Casella's Restaurant?

A. It was a hangout for him, you know, he knew Bobby Manna well.

Manna and Casella were arrested in 1988 on the federal charges. While they were on trial in 1989, the restaurant was operated by Casella's wife Shirley under the name of Pascale's, with a full-time manager who had invested personal funds in the operation. Mrs. Casella and Martin's brother Frank, a 10 per cent stockholder, failed to notify the Hoboken ABC board of the name change, of the absentee ownership or of the new investment by the manager. And Hoboken did not act on its own to take any administrative action against the license.

Casella, Manna and their co-defendants were convicted on June 26, 1989; four days later, Hoboken renewed the liquor license with Casella still listed as a 90 per cent stockholder. Casella was sentenced to 80 years in prison in September, 1989, but the following June, the license was renewed yet again. It was not until the property was sold at a sheriff's sale on October 24, 1990, that the license finally changed hands.

In private testimony before the Commission Leonard Serrano, Secretary of the Hoboken ABC Board, was questioned by Counsel Saros about Casella's:

Q. I show you Exhibit Number 11, the renewal application for Marty's Mile Square Incorporated, trading as Casella's Restaurant.

A. Right.

Q. If you look at the second page, is that your signature at the bottom?

A. Yes, ma'am.

Q. The date indicated is June 19, 1990. Is that the date on which you accepted the application?

A. That's the date I accepted the moneys and the application, yes.

Q. Who presented the application to you?

A. *I have no idea. It could have been his wife, it could have been —*

Q. *Whose wife?*

A. *Mr. Casella's. It could have been —*

Q. *Which Casella —*

A. *It could have been a manager —*

Q. *Which Casella? There are two listed as owners. Martin and Frank.*

A. *Martin Casella.*

Q. *The application indicated the trade name to be Casella's Restaurant. Do you know whether that's true or not?*

A. *It's — as far as our records are concerned, it's still Casella's Restaurant, yes.*

Q. *The premises operates under the name Pascale's. Are you aware of that?*

A. *That — he has been informed that he had to amend his license to make it — change the trade name.*

Q. *Who was informed?*

A. *Mrs. — I believe it's Mrs. Casella because she came in recently and I told her that as long as the trade name, Casella's Restaurant, is no longer being used, that she has to submit the license to make it Pascale's.*

Q. *When did you tell her that?*

A. *It was right around the renewal period time. It must have been around the renewal period time.*

Q. *How did you know that the premises were operating under the name Pascale's?*

A. *I travel through the city. It's only a mile square. When I come in from out of town, I usually make the turn on — on Jackson Street. I come through Jackson Street and then I shoot right up.*

In fact, Hoboken officials told Mrs. Casella she

had to amend the license because agents from this Commission informed Hoboken officials that the name on the bar had been changed.

The questioning of Serrano continued:

Q. *Martin Casella is listed as the 90 per cent owner and president of the corporation —*

A. *That's correct.*

Q. *— that holds the license. Are you familiar with the fact that Martin Casella is also known as Motts Casella?*

A. *Yes, ma'am.*

Q. *Do you know that in 1989 Motts, or Martin Casella, was convicted in federal court —*

A. *Yes, ma'am.*

Q. *— on racketeering charges? Why was this application approved?*

A. *Here again, it's — it's a good question. Seeing that there was a Mr. Frank Casella who was vice-president and he was the person who signed it, the application was accepted.*

Q. *Frank Casella is listed as a ten percent owner.*

A. *Right.*

Q. *Again, I ask you: You have a convicted felon owning 90 percent of this corporation —*

A. *I know.*

Q. *— as a result of a major federal prosecution —*

A. *Mm'mm.*

Q. *— he is in prison for close to 80 years. Why was this application approved?*

A. *I can't answer that. I — it was just approved.*

Q. Whose decision was it to approve it?

A. Well, I accepted the application. My name is on it.

Q. And the Board approved it?

A. Yes, ma'am.

CHAIRMAN ZAZZALI: You accepted, Board approved?

THE WITNESS: Yes, ma'am — yes, sir.

CHAIRMAN ZAZZALI: What was the vote?

THE WITNESS: Unanimous — well, on the renewal application — here's what happened. On the renewal everything is received and submitted to the State and the State is the one that actually finalizes it all. The Board looks through it and they agree that it's a renewal and it's submitted to the State and the State takes responsibility on advertising it.

Q. Let me ask you —

A. There's no objections to this.

Q. Let me ask you one more time: Why did the Board approve the application for Martin Casella, a convicted felon, serving prison time, to hold a liquor license?

A. It was just presented as renewal. I typed up all the resolutions and I presented it as a renewal.

Testifying before the Commission about another bar, Good & Plenti, Charles Santorella of Secaucus said this about Serrano and Hoboken:

Just to give you guys a good picture of what goes on in the town of Hoboken, Leo [Leonard] Serrano was a former police officer. He was — I don't know if he was fired or whatever, but he had some legal trouble and was no longer a police officer, and he got a job upstairs in the court — in the City Clerk's office as the Hoboken ABC secretary. The town of Hoboken is a very close-knit family

that goes back a long way in the town and everyone seems to do each other favors and turn their heads when they have to turn their heads.

MEMORIES

Philadelphia disc jockey Gerald “Jerry” Blavat is an organized crime sycophant who, despite his nefarious associations, has been able to get and keep a liquor license in Margate, Atlantic County. In his disc jockey patter, Blavat calls himself “the Geator with the heater” and “the boss with the hot sauce.”

Blavat has openly associated with members of the Bruno/Scarfo family for two decades and, in fact, even served as a driver for Philadelphia crime boss Angelo Bruno on occasion. According to former mob capo Thomas DelGiorno, Blavat is a close friend of whoever happens to be the boss of the Bruno/Scarfo family at any given time.

Although he is generally unknown outside the Delaware Valley area, Blavat has wide contacts in the entertainment world. Because of these contacts, as well as his friends in organized crime, he can open many doors in various walks of life.

Since 1974, Blavat has been the owner of record of a restaurant and night club in Margate called Memories where he frequently performs his disc jockey show playing “oldies” records. He also appears at other clubs in southern New Jersey and Pennsylvania. The financial arrangements for his appearances at the three other New Jersey clubs violated ABC regulations because he received all or a portion of cover charges in cash as well as a percentage of liquor sales. Such funds were not recorded on the books of the licensees either as income or payments. While the licensees were disciplined by the ABC, Blavat himself was never cited because its regulations do not apply to entertainers.

Blavat has allowed Memories to be used as a regular meeting place and hangout for the Scarfo family, contrary to ABC regulations. According to Thomas DelGiorno, in 1984 he had been assigned by boss Nicodemo Scarfo to murder crime family member Salvatore Testa but was having trouble setting him up for the kill. DelGiorno testified that because Memories was the only place Testa visited regularly and appeared to be relaxed, he asked Scarfo if he could commit the murder there. But he said Scarfo told him not to do it. Scarfo told him, “ ‘I use that. I go in there all the time. I meet guys in there. I don’t want to ruin the joint.’ ”

In a statement submitted to the Commission at the public hearing, New Jersey State Police Superintendent Justin J. Dintino, a nationally recognized expert on organized crime, said of Blavat:

Blavat was an associate to, and a chauffeur for, the late Philadelphia crime boss Angelo Bruno. He has also been identified as an associate to Nicodemo Scarfo. Throughout his professional career, Blavat has openly associated with members and associates of the Bruno/Scarfo family, including John Martorano, the late Frankie “Flowers” D’Alfonso, Joseph Merlino, Salvatore Merlino and Tyrone DeNittis.

Although Blavat has no criminal record, Commission Special Agent Grant F. Cuzzupe cited in detail his long association with organized crime figures, which has been extensively documented by surveillances of numerous law enforcement agencies over many years. This documentation leaves the Commission with no doubt that Blavat truly is connected to the Bruno/Scarfo crime family.

When subpoenaed to appear at a private Commission hearing, Blavat answered questions pertaining to his show business career and his licensed premises, Memories, but he invoked his Fifth Amendment privilege on questions regarding his organized crime affiliations. And when he appeared under subpoena at the public hearing, Blavat refused to

answer *all* questions.

The testimony of Agent Cuzzupe established that Memories has been frequented by members and associates of the Bruno/Scarfo organized crime group, including Nicodemo Scarfo, Larry Merlino and Phillip Leonetti, and that the sons of Scarfo and Merlino were arrested on the premises “after a violent altercation.” DelGiorno confirmed that testimony:

Q. Did you ever go [to Memories]?

A. Yes, I did.

Q. Did you ever meet other members or associates of the Philadelphia family there?

A. We all hanged out there in the summer. We always went there, everybody, you know, everybody that had a place down the shore or everybody came down the shore. At one time during the weekend we’d stop over there to have a drink.

Q. Did you ever pay for your meals or drinks there?

A. No, not very often.

DelGiorno also described Blavat’s longstanding affiliation with the Bruno/Scarfo family and his close ties to its leaders:

Q. How long have you known [Blavat]?

A. I’ve known him a lot of years, off and on.

Q. Is Blavat an associate in the Philadelphia family?

A. Blavat was a friend of— started out from what I know of him — I met him when I was a kid. Then he surfaced again as a friend of Angelo Bruno’s, yes.

Q. Was he also a friend of Nicky Scarfo’s?

A. Later on, yeah, not at the — well he — he made — Blavat made friends as they came along. Like, if Angelo Bruno was the boss, he was Blavat’s friend. Scarfo was the boss, Phil Testa was the boss, he was Blavat’s

friend. Scarfo became the boss, he was Blavat's friend. If one of these guys [pointing to the members of the Commission] becomes the boss, he'll be Blavat's friend.

Later in his testimony, DelGiorno elaborated on Blavat's lengthy history with the family:

Q. How far back does Blavat's association with the Philadelphia mob go?

A. Like I said I — I know of it going back to when Angelo was living. He used to hang out with Angelo.

Q. Was Blavat Bruno's driver at times?

A. Oh, yeah, drove him around a lot, you know.

Q. During when?

A. During the early and middle 70s and late 70s.

Sworn testimony in other forums from ex-Bruno/Scarfo members Philip Leonetti and Larry Merlino help substantiate Blavat's relationship with this group. Leonetti, who was the family underboss prior to his incarceration, stated that Blavat paid \$500 per week to Scarfo from the proceeds of Memories in exchange for protection from unionization. And Merlino confirmed that Local 54 of the bartenders union was kept out of Memories at Scarfo's behest. DelGiorno corroborated Leonetti's statements regarding the \$500 tribute that Blavat paid to Scarfo.

In 1987, the New Jersey Division of Criminal Justice filed a civil lawsuit against Blavat, alleging that he acted as a "front" in the purchase of the mentioned yacht for Nicodemo Scarfo. The suit alleged that proceeds generated by the Scarfo crime group's criminal enterprises were used to purchase the vessel. During the public hearing, DelGiorno testified regarding the yacht purchase as well as Blavat's bogus rental of Scarfo's Florida home:

Q. Did Blavat assist Nicky Scarfo by acting as a front for him in the purchase of a yacht?

A. Yes, he did. He had —

Q. Let me ask you first, why did Scarfo select Blavat for that?

A. Well, he was the most legitimate-looking guy at the time from — you know, from a banker's point of view and for that — you know, for the purpose of the loan he seemed the most legitimate-looking guy....

Q. And would you explain exactly how Blavat assisted Scarfo in the purchase?

A. Well, from the — from the understanding that I got from Scarfo, he just put the -- went out and bought the boat and Scarfo gave him whatever down money that he needed and I think there was a mortgage on — mortgage of 800 or 850 a month and Jerry would write a check every month and pay that and Scarfo would reimburse him the money. I also think — and I'm not positive about this, but I think that he had told me one time that [Blavat] wrote that off on Memories as a — as a business deal....

Q. Did Blavat also assist Scarfo in a similar fashion with Scarfo's purchase of a vacation home in Fort Lauderdale, Florida?

A. Yes.... This was explained to me by Scarfo and his attorney, Bob Simone, that Scarfo had purchased this home in Fort Lauderdale and the way that he did it was to put so much money down and then form a corporation that was supposed to be leasing this home to individuals as a vacation spot, and he had around three or four guys — that he had them sign a lease for like three or four months a year. I think that they were pretending that they were paying 3500 a month rent, and what they would do is come down to give Scarfo the 30 — well, they would give Scarfo a check for 3500 and he would reimburse them by giving them the cash and Blavat was part of it.

Q. Do you recall who any of the others

were?

A. *One was Bobby Stone and two other guys. I think — I really don't remember the other two names. I think he had four of them that were doing three months apiece.*

Q. *Did Blavat ever actually visit the Fort Lauderdale home to make it appear as though he was renting it?*

A. *Oh, yes, That's — that's why it's — that's how the story came about of how he explained it to me that — I had been — it had been explained to me how he purchased the home but never with — who was actually, you know, pretending they were leasing it but one — one weekend we went down there and it was on a Sunday and we had — we were all in his house and Spiker or one of them was making spaghetti and meatballs, and he said that Blavat was coming and Blavat came into the place around ten o'clock or something, ten-thirty that morning, eleven o'clock. He came in, said hello to everybody. He went over — he went, sat down with Scarfo for a little bit talking to him. He went and he ate a meatball sandwich, came back to the table and said good-bye, so when he was leaving I asked Nicky, I said, "Where is he going?"*

He said, "Back to Philly," so I said, "Wait a minute. You mean to tell me this guy flew to Florida to eat a meatball sandwich?"

He said, "No, no, no. He comes here because he's one of the guys that leases the house and he thinks that because he shows up that the surveillance will pick him up and if they ever ask him if he's really leasing he could say 'yeah'."

Scarfo's house and boat both have been repossessed by the bank.

* * *

As an entertainer Blavat has used a variety of locations to generate cash through his corporation called "Celebrity Showcase." In private hearing

testimony, Blavat described this entity as the one "that handles Jerry Blavat, the entertainer. Celebrity Showcase is the corporation that books Jerry Blavat, and is paid, and then Celebrity Showcase pays Jerry Blavat a salary for his performance."

But the benefits from these arrangements go beyond the simple collection of a paycheck. Blavat and his employees literally take over an establishment when he is there. To a large degree, he has been able to violate ABC regulations with impunity. For example, Blavat used now deceased Bruno/Scarfo soldier Samuel Scafidi as an overseer or floor manager during his shows at various locations. He also employed Scafidi's son-in-law, John Hansen, as his head doorman. Because both men have criminal records, they are disqualified from working in licensed premises.

The Commission's investigation determined that Blavat was booked on a continuing basis in some southern New Jersey licensed establishments, including the Ivystone Inn, later called the Betsy Ross Inn in Pennsauken during the late 1970s and much of the 1980s; Bubba's in Pennsville in January, 1986; and Degenhardt Caterers in Mt. Ephraim from 1987 through 1989. Blavat's performances at the Betsy Ross Inn were purportedly arranged through Bruno/Scarfo associates Tyrone DiNittis and Carl Botzenhardt.

At some of these locations, the program was billed as "Jerry Blavat's Memories West." The lounge area at Degenhardt's was even remodeled after Memories in Margate. Blavat testified in private hearing that he was paid "X amount of dollars plus the door" for the use of his name, likeness and performance at these various establishments. Confirming this, William Degenhardt, president of Degenhardt Caterers, testified that Blavat was paid \$650 per night plus all proceeds from customer admission fees.

According to ABC Senior Inspector John Schmidt, who participated in surveillances as part of an Enforcement Bureau investigation of Degen-

hardt's from January, 1988, to March, 1989, Blavat and his employees ran the lounge portion of Degenhardt's and collected the proceeds from the cover charge. That revenue was not tallied in a cash register; nor was there any accounting for the amount of cash being collected. This money was turned over directly to Blavat, a practice that also violates ABC regulations. When Schmidt interviewed Blavat and Degenhardt, he asked what was done with these funds. Schmidt related their responses to the Commission:

Q. What statements did each of them make with respect to what was done with the monies collected as the cover charge?

A. They both stated that the money collected as a cover charge was to go to Jerry Blavat, the entire amount. Mr. Blavat stated that he used that money to purchase advertising time from two Philadelphia radio stations and that was also what Bill Degenhardt stated that was told to him by Blavat.

Q. Do ABC regulations allow for money to be taken on licensed premises and not be processed through the licensee?

A. No, they don't.

Schmidt verified through his investigation that Degenhardt's was not maintaining true books of account pertaining to the cover charges. Blavat and Degenhardt admitted to Inspector Schmidt that they had agreed that Blavat would receive a percentage of liquor sales on nights that he appeared at the lounge, in violation of ABC regulations. He said:

It would make Jerry Blavat basically holding a beneficial interest in that license and that his compensation was based on the amount of sales conducted. It was over and above any reasonable salary paid to an entertainer.

Blavat had a similar agreement in 1986 with Bubba's, which is no longer open. The owner and licensee of Bubba's, Joseph Rappa, Jr., testified

before the Commission regarding Blavat's appearances at the bar and the collection of a cover charge as well as the payment of a percentage of liquor sales.

These cash transactions enabled Blavat to under-report his earnings. At the public hearing, former Bruno/Scarfo capo Thomas DelGiorno asserted that Blavat boasted to him that this was exactly the case:

Q. Blavat charges an admission fee at the various lounges where he appeared in New Jersey and he also had a cover charge at Memories. Did he ever tell you what he did with that money?

A. Oh, one time I had — let me put it in perspective. One time we had talked to him about not just the admission fee at the door but the conversation was about his whole business in general, meaning these disc jockey shows, and he had told me that that's where he makes most of his money. He sometimes or most of the time gives the door so much money, a little bit of money, and the door has this fee and that he only reported a very small portion of that — of that door at these — when he was the disc jockey and at Memories and at wherever he had the door. That's how he made his money; that, you know, the money they didn't have to show.

Q. Did he tell you what he did with a salary that he would receive from one of the lounges when he received part by check and part by cash?

A. That's what I meant; that the door would be part of the salary and — whatever he received by check was not — was a small percentage of what he made that night, is what I'm trying to get across. Let's say it was 25 percent and the other 75 percent had come from the door or from whatever else the guy gave him under the table.

The ABC Enforcement Bureau investigation of Degenhardt's Caterers resulted in charges against the license, some of which were related to the busi-

ness arrangement with Blavat. Degenhardt's was also cited for Blavat's employment of Bruno/Scarfo soldier Sam Scafidi and John Hansen, both of whom were criminally disqualified. Commission surveillances at Degenhardt's corroborated that both Scafidi and Hansen worked on the premises during Blavat's appearances. According to testimony by Joseph Trymbiski, who worked at the Betsy Ross Inn during part of the time period Blavat had his show there, Blavat told him that Sam Scafidi was his "eyes and ears." Blavat himself admitted during the private hearing that he was friendly with and employed Scafidi. Blavat described Scafidi's role as follows:

He just was there — Sam Scafidi was an old guy that had — just an old nice guy that hung around. I got guys that come to the clubs and hang and follow Jerry Blavat for 25 years that just like to be a part of that, and Sam was one of those guys that was — he was like a second father.

Q. What work did he do for Celebrity Showcase?

A. Really, just watched out for my interest to make sure that nobody was doing anything, cheating or anything like that.

Q. Can you give me some concrete examples of that?

A. He just was around me, that's all.

Q. Was he on the payroll of Celebrity Showcase?

A. I think he was, yes.

Q. Specifically, what were his duties?

A. He'd be at the club to watch, see what I was doing, and watch to see that there was no problems at the club.

Q. How much was he paid?

A. That you'd have to check with the book-keeper. I don't want to give you the right price because I may be wrong. Celebrity Showcase, they would have that.

Q. Can you give us an example of a problem that he handled for you?

A. Well, he made sure that nobody was cheating, you know.

Q. Such as who?

A. Well, he'd watch out, he'd say to me — let me give you an example. If a club is in my name, Jerry Blavat's Memories, even though I don't own it, it's got my name, and I want to make sure that because it's my name, the people who come there are not — somebody is not cheating them with drinks and things like that, so he was almost like a friend and manager type who watched — he traveled with me. It was that simple.

Degenhardt's made no attempt to obtain background information on Blavat's employees, according to Inspector Schmidt.

DelGiorno verified Sam Scafidi's membership in the Bruno/Scarfo LCN. However, according to DelGiorno, Scafidi's employment with Blavat as a doorman was at Scarfo's direction rather than as a result of any lifelong friendship with Blavat.

Q. Do you know whether Blavat ever employed any family members at either Memories or any of the lounges where he appeared?

A. He had Sam Scafidi working for him awhile.

Q. And Scafidi was a made member?

A. Yes, he was. I think he was from the Vineland area.

Q. How did it come about that Blavat employed Scafidi?

A. Scarfo told him to employ him, give him a job, you know.

Q. What was Scafidi's function for Blavat?

A. I think he was a doorman more or less, you know, collecting money at the door and,

you know — they had a lot of kids that went into that bar, you know. If there way any trouble he'd break the fights up and stuff like that.

The strength of the ABC Enforcement Bureau's case against Degenhardt's resulted in a *non vult* plea and a \$1,000 fine, a penalty Inspector Schmid said he considered light.

Just as a comparative example, another establishment in the area, that business was— I would say it was considerably smaller and did considerably less business that Degenhardt, was charged with one count of employing a disqualified person along with a couple of other minor charges and they were fined approximately \$8,000 eventually.

During the public hearing, Commissioner Barry H. Evenchick asked Agent Cuzzupe if action had been taken by any governmental agency to revoke Jerry Blavat's liquor license.

Q. Agent Cuzzupe, are you aware of whether any governmental agencies of our State have made efforts to revoke Mr. Blavat's license as a result of the information about which you have testified today?

A. There has not been an effort at the local level. There have been investigations of Mr. Blavat in the past that resulted in penalties; however, the complete — the complete affiliation that he has had with organized crime had not been addressed by any agency.

Subsequent to the ABC investigation, Blavat and Degenhardt's terminated their business relationship by mutual agreement. Blavat, however, continues to own and operate Memories in Margate and perform his oldies show throughout the region. In fact, although the Commission's public hearing was in February and Margate officials were sent detailed information about the hearing, the city nevertheless renewed Blavat's liquor license on July 1.

VINCENT RAVO

The Commission found that Vincent Ravo, an associate of the Genovese/Gigante organized crime family, has had interests in several licensed establishments in northern New Jersey, in violation of state ABC regulations. An investigation in 1986 by the State Police ABC Enforcement Bureau alleged that beginning in 1982 Ravo had an undisclosed interest in The Bench in Carlstadt. Ravo is also believed to have had an ownership or management interest in two other premises, Satin Dolls in Lodi and The Emergency Room/Kathy's Kafe in Garfield. All three establishments operated under various names during the period covered by the Commission's investigation, during which its staff found many examples of misleading financial transactions, incidents of undisclosed interest and other violations of ABC regulations.

It was during this part of the investigation that the name of New York Giants linebacker Lawrence Taylor surfaced because of an apparent interest he once had in the 1st and 10, a successor name to The Bench, and because of his open friendship with Ravo. Taylor also is an owner of LT's Sports Bar and Restaurant on Route 17 in Rutherford. Although the Commission did not find that Ravo had an interest in LT's, one of Ravo's girlfriends, whom the ABC once accused of embezzlement, is the bookkeeper there.

In his written statement submitted to the Commission at its public hearing, State Police Superintendent Dintino outlined Ravo's link to organized crime:

Vincent Ravo, of Normandy Beach, New Jersey, is a known associate of the Genovese crime family. It is known that Ravo has been involved in loansharking and illegal gambling activities.

Ravo's organized crime associates have included John DiGilio, one of the most vicious and feared members of organized crime in New Jersey who was murdered in 1988, Frank Scaraggi, who died of natural causes, and Philip "Brother" Moscato.

In addition to the criminal activities noted by Colonel Dintino, the ABC concluded during its 1986 investigation that Ravo and Nicolena Santoro had skimmed more than \$200,000 from The Bench during 1983 and 1984. Ravo had also been arrested for weapons and drug offenses, larceny, stolen property, assault, kidnapping, rape and homicide. Despite this background, which legally disqualifies him from having interests in the liquor industry, Ravo has continued to be involved through other persons.

Subpoenaed to appear before the Commission at its public hearing, Ravo invoked his Fifth Amendment privilege against self-incrimination when questioned by Counsel Saros regarding his alleged organized crime associations.

THE BENCH

The Bench on Paterson Plank Road in Carlstadt was a go-go bar owned by attorney Alfred Porro Jr. of Lyndhurst and members of his family. The bar had been in the Porro family since 1979 and has had several names. Ravo operated the place virtually independent of any supervision by Porro or his family from the time of his employment in 1982 until 1988.

The family sold the bar twice, and it was reclaimed by foreclosure both times. Porro explained to the Commission that hiring Ravo as manager was necessary because no one in his family could operate the bar. In 1983, a year after Ravo was hired, his girlfriend at the time, Nicolena Santoro, took over as the manager and Ravo became involved in some construction work for Porro elsewhere. That same year, Ravo was indicted for illegal possession of a weapon.

The 1986 ABC investigation of The Bench concluded that in 1983 and 1984 Ravo and Santoro were skimming money from the business and using the funds to pay personal debts rather than those of the bar. Porro told the Commission why his present relationship with Ravo is “strained.”

Well, first of all, I basically felt very — I was very good to this man, very, very good to this man. He did not treat my — my children with respect, he didn't treat my wife with respect at the end and he certainly showed very little respect to me.... It became obvious to me that what was happening was that the funds were not going to pay off bills but, in fact, were either disappearing or going into somebody's pocket and it was while Nicky was there. I was trustful that things were operating halfway decent and then they started deteriorating in the year 1989 pretty seriously, and it was more a decision [to sell the place] to stop the indebtedness than anything else and claims that — people were then starting to call me relative to funds that were due and owing to them supposedly.

Q. Were you surprised at the sudden downhill trend of the business?

A. Oh, I don't know if I was surprised or if it was coming gradually. Quite frankly, I can't say that I was shocked because it was more or less gradual and it kept happening, kept happening. It got to a point that it just had to be — it just had to be sold.

Q. What factors did you attribute that to?

A. I'm not really sure. At first I thought it was because there were a number of other go-go bars that were opening up in the area. Then I thought perhaps it was just because Vincent Ravo wasn't there because a lot of the business that was brought in he had claimed that he was responsible for bringing it in, a lot of the sports people that came in.

I never could pinpoint a reason. It was a combination of things that struck me as reasons, and then ultimately the decision was made to sell it.

In 1987, the late Frank Scaraggi, a Genovese crime family associate, loaned The Bench \$29,300, secured by a mortgage from Porro. Porro said Ravo

had referred him to Scaraggi. The ABC was never notified of the loan or the mortgage. Porro testified in executive session about this loan.

Q. Did any of that money come from borrowing from another individual?

A. It may have come from loans from National Community Bank but not from any private loans, no.

Q. For —

A. Oh, yes, I'm sorry. I am sorry. There was, I believe, a 10,000 dollar loan or maybe it was more than that, in the area of 10,000 dollars from a Frank Scaraggi. That was funds that were borrowed from a private individual.

Q. What year was that?

A. That had to be near the end I would say of 1987; someplace in that time frame.

Q. And that was approximately 10,000 dollars?

A. I believe that that's what it was.

Q. What was your relationship with Frank Scaraggi at that time?

A. No relationship other than an acquaintance. That's all.

Q. Were you referred to him to borrow the money?

A. Yes, I was.

Q. Who referred you?

A. I believe it was Vincent Ravo.

Q. How much interest did Scaraggi charge?

A. Approximate — I don't know exactly, but it was in the range of about ten percent. It was a legitimate, legal rate of interest as I recall it.

Q. Did you sign a note for that loan?

A. Yes, I did.

Q. Do you have a copy of that loan?

A. I believe that was part of the records that we turned over to the State Police and if it isn't in those records, I'll search for it. It wasn't —

Q. It wasn't included, so if you would search for it —

A. I would. Let me make a —

I believe there was also a mortgage that I signed — I believe there was a mortgage that I signed on that also.

Q. For whom?

A. For Mr. Scaraggi.

Q. In what amount?

A. It was in the 10, maybe 15,000 dollar area, but I'll get the — I'll —

Q. Was the 10,000 dollar note been repaid?

A. Yes, it has.

Q. Has the mortgage amount been repaid?

A. Yes. It was one and the same, by the way, the note and then the mortgage secured the amount.

Subsequent to his testimony, Porro confirmed by letter that the mortgage had been for \$29,300, not \$10,000 as he had testified, but he never produced a copy of either the note or the mortgage.

* * *

Because The Bench was only a mile from Giants Stadium, it was frequented by many Giants players, and Ravo became friendly with several of them. One was linebacker Brian Kelley, who had several business ventures with Ravo. In fact, Ravo is the godfather of one of Kelley's daughters.

When subpoenaed by the Commission, Kelley initially invoked his Fifth Amendment privilege, but was granted immunity from prosecution and was

compelled to testify. Even with immunity, however, Kelley was an uncooperative witness. He failed to appear for one private session and his answers to questions were often incomplete and hazy.

In addition to Kelley, Ravo became close to two other Giants linebackers, Lawrence Taylor and Brad Van Pelt. Each player wrote a character reference to a Passaic County judge on Ravo's behalf in April, 1984, to urge leniency when he was sentenced on his guilty plea to a weapons offense. The letters were written on stationery with the Giants letterhead. Taylor testified that Nicolena Santoro, Ravo's girlfriend, composed his letter for him. Kelley testified that he signed a blank piece of stationery at Ravo's request and someone later wrote the letter for him.

Despite warnings from officials within the Giants organization and from National Football League Security, these players continued to associate with Ravo, both personally and sometimes in business investments. Commission staff interviewed officials from the Giants organization and league security, who were aware of all of the players' associations with Ravo and the character references written on his behalf.

George Young, General Manager of the Giants, stated that the team's letterhead was not disseminated by the front office, nor were the letters approved. Young said he and Giants coach Bill Parcells, as well as representatives from league security, had specifically advised Taylor to discontinue his association with Ravo, primarily because of the latter's ties to organized crime. After Taylor's character reference for Ravo was reported in the press, Parcells requested Taylor to stay out of The Bench. And Warren R. Welsh, Director of Security for the league, confirmed that his staff had advised Taylor to sever his relationship with Ravo. Welsh said the problem with The Bench was not that it was a go-go bar but that Ravo ran it.

Taylor disputed this, saying that Ravo was not specifically mentioned by anyone in the team's management or by league security:

Q. Why do you say [going into business with Ravo] wouldn't look good?

A. Because one thing, the letter came out and I got dogged in the paper. Also I was getting heat for going over to The Bench from the Giants because I stayed there a lot.

Q. Why?

A. Why?

Q. Why? Because it was a bar or —

A. Because they don't like — they don't like go-go bars. I don't know a reason why. It's not my problem.

Q. Was the reason related to the fact of Vinny's connection with The Bench?

A. No, it wasn't. I don't think it was Vinny personally but, see, Bill Parcells — I mean, I'm telling you more than you need to know. Well, Bill Parcells feels that he — he thinks that he's an investigator, too. He thinks he's Dick Tracy. He thinks he knows everything about everything and simply that he felt that The Bench was a place where undesirables hung out, okay, so he didn't want me hanging — I mean —

Q. Did Parcells ever talk to you specifically about Vinny?

A. Specifically about Vinny? No.

Q. Did anyone in management at the New York Giants talk to you specifically about Vinny Ravo?

A. No. At the time they couldn't say nothing.

MR. MERIN: Have they said anything since then?

THE WITNESS: No, no. I'm out of there so it doesn't make any difference.

Q. Has anyone in the NFL said anything to you about your association with Vinny Ravo?

A. Oh, yeah.

Q. Who?
A. Who? What's his name? NFL security.

Q. When was that?
A. Years ago.

Q. What did they say?
A. Just said I shouldn't be hanging out there, and I just said —

Q. Hanging out —
A. At The Bench.

Q. Why?
A. Why? I don't exactly remember what the reasons were because I wasn't paying any attention to it anyway.

Q. In that conversation, is that why they brought up Vinny Ravo?
A. Whether they brought up him specifically, I'm not really sure.

Q. But you did state that NFL security spoke to you about your association —
A. About association with The Bench.

Q. The question was your association with Vinny Ravo?
A. Oh, I'm sorry. I probably misunderstood the question.

Q. Did the NFL ever talk to you about your association with Vinny Ravo?
A. No, not at all.

Q. Just The Bench?
A. Yeah.

Q. On more than one occasion?
A. I'm going to say once, but I don't really know. It came — it came up a couple of times probably.

Q. What was their objection to The Bench?
A. Because they felt it was, like I said — the

same thing. They felt it was — was activities going there that wasn't lawful.

Q. What type of activities?
A. I have no idea. You have to ask them.

Q. They didn't tell you?
A. No, indeed.

Q. And Vinny Ravo's name never came up in that conversation?
A. I really don't know. I don't think so.

Q. You don't think so?
A. No, don't think so

Q. It may have?
A. It may have. It may not have.

Q. Did you ever talk to Vinny about the discussion you had with NFL security about The Bench?
A. He knew that the Giants and NFL didn't want me to come into The Bench. He knew — also knew that I didn't — I didn't care.

Q. Did you tell him that you were spoken to about it?
A. Yeah, I did. I did.

Taylor testified that his friendship with Ravo has cooled recently because he went into business with Porro at LT's rather than with Ravo in a venture he had planned at the New Jersey shore. Nevertheless, Taylor testified that he still makes appearances from time to time at Ravo's request. One such appearance was in 1987 at a child's birthday party at the Fair Lawn home of Alan "Little Al" Grecco, a member of the Geneovese organized crime family and the son-in-law of Louis "Streaky" Gatto, a capo in that family. Another appearance was in 1991 at the opening of a furniture store in upstate New York owned by Angelo Prisco, a Genovese capo who is Ravo's superior in the mob.

* * *

After Ravo left The Bench and the name was changed to 1st and 10, Taylor used his former college roommate Paul Davis as a front in the bar. Davis became the manager at 1st and 10 but is now the assistant manager of LT's.

Davis, whom Taylor called his "best friend in the world," testified before the Commission in private session. Documents pertaining to the 1st and 10 identified Davis as a member of the board of directors and owner of the business, along with Joan Atkins Porro, the wife of Al Porro and herself also an attorney. When shown these corporate papers, Davis seemed genuinely surprised that they contained his name. He testified that this was done without his knowledge and that the signature on the documents was not his. On their face the documents appear to have been prepared in the law office of Porro & Porro. In fact Davis testified that he had been asked by both Lawrence Taylor and probably Al Porro if his name could be used in connection with ownership of the 1st and 10 but he said he declined due to this Commission's pending investigation.

Davis was asked about Taylor's interest in the 1st and 10. He responded:

Because at the time he (LT) was looking to take the place over, be the owner, until we found out about the SCI investigation. He didn't want his name to be shown on the papers because—I really didn't understand what the SCI investigation was so — you know, it scared me, but I didn't really know what it was so first he asked me to put my name on it and I didn't—I didn't want to put my name on it as the owner.

*Q. Who asked you to put your name on it?
A. LT and I guess Al [Porro].*

*Q. And you said no?
A. No.*

*Q. Why was that?
A. Because I didn't want anything to do with*

it. I just didn't understand what the SCI investigation was but, you know, I was — my own impression, it was something to do with organized crime and stuff, and I didn't want anything — you know, get involved with something like that.

Although denying that Taylor was an "owner" of 1st and 10, Davis admitted that Taylor had invested \$15,000 or \$18,000 to help renovate the premises. This money was ultimately repaid to Taylor upon the sale of the business. Davis also reluctantly admitted that Taylor helped pay some bills on "tough days." Taylor confirmed this.

Taylor also corroborated Davis' testimony regarding an initial \$15,000 given to the 1st and 10. But he claimed the money was more a personal loan to Davis rather than to the bar. When asked to explain an agreement providing that Alfred Porro would convey a 50% ownership of the 1st and 10 to him upon the completion of the Commission's investigation on its predecessor, The Bench, Taylor denied he wanted any part of the place but signed the agreement with the intention of turning his interest over to Davis.

* * *

Porro's relationship with Ravo is a curious one. Porro testified that Ravo was introduced to him by the late John DiGilio, one of the most notorious mobsters in New Jersey history, although he said the introduction could also have been by Philip "Brother" Moscato, a mob associate. Whoever made the introduction, Porro had not known Ravo long when he asked Ravo in 1982 to manage The Bench.

Porro initially disputed the ABC Enforcement Bureau's assertion in its 1986 investigation that Ravo and Santoro stole more than \$200,000 from The Bench, although he conceded later that Ravo probably did steal some money from him. Despite signing a consent order on July 22, 1988, barring Ravo and Santoro from The Bench, Porro wrote to the ABC four months later asking that the consent

order be amended to allow Ravo to work there. Otherwise, Porro wrote, he would have to “pursue other alternatives. I have a potential buyer for the premises and that is what I will be forced to do, i.e., sell the same.”

Porro also said he did not fire Ravo when he was imprisoned in 1984 on the weapons charge. He said he finally ordered Ravo out of the place for good on July 19, 1988, the day he signed the ABC consent order, only to ask four months later that he be allowed to return to work.

When Porro needed money in 1987, he got a \$29,300 loan from Frank Scaraggi, an automobile salesman and mob friend of Ravo’s, rather than from a bank as most attorneys would have. In his testimony, he described Scaraggi as “an acquaintance” with whom he had no prior relationship. He also insisted that the rate of interest was “about 10 percent. It was a legitimate, legal rate of interest as I recall it.”

Perhaps the most inexplicable scenario also involved a loan. After Ravo was terminated as manager of The Bench in 1988, he used Kelley, who is now retired from football, to attempt a scam on Porro. Ravo had Kelley contact Porro and claim that The Bench owed Kelley \$10,000 to satisfy a “loan” he had made to the bar. Kelley testified about this incident in a private hearing before the Commission.

Q. Why did you say that?

A. Because I was asked to say it by [Ravo].

. . . .

Q. Did he explain to you why he wanted you to say that?

A. No. He just — he just told me — yeah, he explained it, I guess he was trying to get another 10,000 out of Al Porro, from my understanding.

Q. Why did you go along with that?

A. It wasn’t hurting me at all, to my knowl-

edge.

Q. The statements that you made to Porro, were they true?

A. No.

Kelley testified that Porro did not believe him.

For his part, Porro testified that he determined that it was Ravo, not Kelley, who had loaned the money to the bar. Porro said he found an entry in the books which he said was “probably” made either by Nicolena Santoro, Ravo’s girlfriend, or by an accountant. The entry showed that the loan was made by Kelley.

Checking with Ravo, however, Porro was told that they had had a conversation at the time in which Porro said that the bar needed cash, and that as a result Ravo lent the bar \$10,000. Porro testified that although he had no recollection of the conversation and despite the fact that the books showed the loan came from Kelley, Porro paid Ravo the money.

The incident raises for the Commission several concerns, one of which is the willingness of Kelley, an ABC licensee, to engage knowingly in a scheme to cheat someone out of \$10,000 on behalf of a man he has testified he knew was reputed to be involved with organized crime.

More important is the conduct of Porro, also a licensee, and an attorney since 1959. That the loan was carried on the books as coming from Kelley indicates that someone was trying to hide the fact that Ravo may have had a de facto interest in the bar and was surreptitiously putting money into it to keep the business afloat. If that was the case, Porro had a mobster for a partner.

If, as Porro testified, he had no recollection of the conversation with Ravo regarding the need for the \$10,000 but so willingly “paid it back,” then the transaction may simply have been a shakedown. And an attorney of Porro’s experience must have been afraid because he knew with whom he was dealing.

SATIN DOLLS

After his athletic career ended, Brian Kelley invested some money in 1989 in a Lodi go-go bar called Satin Dolls, owned by brothers Scott and Kevin Matchett and William Colacino Sr. of Garfield. Their corporation was called Lodi Charcoal Pit, Inc. It was Ravo who introduced Kelley to the Matchetts as a potential investor and Kelley eventually bought out Colacino, who wanted to sell his share of the business because his health was deteriorating.

The transaction involving the sale of Colacino's stock to Kelley was rife with poor documentation, inaccurate figures, unrecorded cash payments and ABC violations, most notably the employment of Vincent Ravo. And, again, Kelley's testimony was not enlightening. He was not able to explain clearly the reasons why his name did not appear on the liquor license even though he had a financial interest in the business. Nor could he explain why the contract for the purchase of his stock reflected a price \$50,000 lower than the actual purchase price. Kelley placed much of the onus for these irregularities on the Matchetts' former partner William Colacino. Colacino testified, however, that it was the Matchett brothers who prepared the agreement of sale and he authorized them to sign his name to it. The Matchett brothers invoked their Fifth Amendment privilege and refused to answer questions.

In executive session, Kelley was asked by Counsel Saros:

Q. Prior to the opening of Satin Dolls, did you sign any document concerning your purchase?

A. I signed one document with Billy Colacino. I don't know if it was prior or after. I don't even think it's dated, to tell you the truth. Is it?

Q. Well, let me show you Exhibit No. 7 entitled Purchase Agreement between William J. Colacino, Kevin J. Matchett and Scott Matchett. On the second page, your name

appears with a signature.

A. Right.

Q. Is that your signature?

A. Yes, it is. As you can see, it's not dated, so I can't give you an exact date. I would assume — I can't tell you anywhere near the date.

Q. To the best of your recollection, was it signed prior to the opening of Satin Dolls?

A. I think it was after.

Q. The consideration set forth in this document is 37,000.

A. Um-hum.

Q. Was that changed to 87,000?

A. That's the way Billy Colacino arranged it.

Q. He arranged for that?

A. Yeah.

Q. Why does 37,000 appear in here and you testified earlier that the figure was 87,000?

A. That's the way Mr. Colacino drew it up. I don't know why he drew it up that way.

COMMISSIONER MERIN: So in other words, you did pay 87,000?

THE WITNESS: Yes, I did.

COMMISSIONER MERIN: And was that by check?

THE WITNESS: Check and cashier's checks, yes, sir.

COMMISSIONER MERIN: Were they delivered at about the same time?

THE WITNESS: No.

COMMISSIONER MERIN: Do you recall the time span in which it was paid?

THE WITNESS: Probably about four months.

COMMISSIONERMERIN: How many cashier's checks?

THE WITNESS: Two cashier's checks and one regular check.

COMMISSIONERMERIN: Do you remember the amounts of the cashier's check.

THE WITNESS: Sure do, 12,500.

COMMISSIONERMERIN: For each?

THE WITNESS: For each.

COMMISSIONERMERIN: So the personal check was what?

THE WITNESS: 25, so that's 50, plus the 37; so that's where the 87 comes in at.

Q. In March 1989, did the premises open under the name Satin Dolls?

A. Yes, it did.

Q. Were you present on opening night?

A. Yes, I was. I flew in from somewhere, I don't know where.

Q. At that time, did you consider yourself one of the owners?

A. I considered myself a partner, yes.

Q. Why were you not on the license, then?

A. Because at that time I still had to pay the 37—well, at the time I had to pay 25 plus 37, plus my name had to be approved on the liquor license.

Q. Was it submitted for approval with your name on it?

A. I don't think yet, until I—until the loan was paid off.

Q. I'm unclear about something. Just because you had a loan and you continued to owe money, why was that a reason for you not to be on the license?

A. I don't know. That's what Billy Colacino, I believe, put—drew up, basically. It says,

it states there that I couldn't become an owner, am I right, or—

Q. Are you referring to that purchase agreement?

A. Yes.

Q. That purchase agreement was never followed, though?

A. Well, it wasn't because of the situation, because I couldn't afford to pay it.

During the public hearing, Counsel Saros once again pursued a similar line of questioning, with similar results:

Q. When Satin Dolls opened on March 9, 1989, were you one of the partners?

A. Yes, I was.

Q. Why, then, was your name not on the liquor license?

A. Because the contract which I had received from Mr. Colacino, or the words that I received, he would not put my name on the license until after I had paid for—had paid him his full amount for the place.

Q. Since the bar opened in March of 1989, the liquor license was renewed twice and each time your name did not appear on that license, even though you were a partner. Why did it not?

A. I have no—I don't know why. I don't know when I made my final payment, exact date that I made my final payment to Mr. Colacino. If I could remember that, I would tell you why, but I have no idea why it was not on the license.

Kelley's financial interest in Satin Dolls was not known because Lodi officials failed to conduct a thorough background and source-of-funds investigation.

Vincent Ravo's affiliation with Satin Dolls took the form of "consultant" in charge of the renovations to the facility. Due to his criminal background, Ravo's employment in any bar is a violation of ABC regulations. Ravo's position at Satin Dolls became public when an article appeared in *The Record* on March 19, 1989, reporting an effort by Lodi officials to close the bar. Ravo's employment as manager was mentioned as one of numerous ABC violations. The article also reported that Ravo's employment there was confirmed by Colacino and Kevin Matchett, both of whom denied that Ravo was a principal owner of the bar. Lodi officials wanted the bar closed because they believed its entertainment violated an obscenity ordinance. When Colacino was asked for comment by the newspaper, he said: "'You have to talk to the new owners', ... referring to 'Vinnie.' Asked if he meant Ravo, he said, 'He's the one you should talk to.'" Despite the Lodi officials' objections to the bar, it remained open.

In executive session, Kelley said he was aware before his involvement in Satin Dolls that Ravo was reputed to be connected with organized crime. In the public hearing, he insisted that Ravo was being paid as a consultant in connection with renovating the facilities, and in reimbursement for money he had spent on materials. Kelley was unable to explain, however, why Ravo continued to receive \$500 per week long after the construction project had ended. Kelley's testimony revealed Ravo's extensive involvement in Satin Dolls:

Q. What proposal was made to you for the purchase of an interest in Satin Dolls?

A. I had to put up a certain amount of money to buy 50 percent — 33 percent of it, I believe.

Q. Did you also have to come up with the money to renovate the premises?

A. Yes, I did.

Q. And who proposed that to you?

A. Proposed which one?

Q. The entire —

A. That was my idea as far as the renovations, coming up with the money for the renovations, that was part of the deal.

Q. And who negotiated the deal with you? Who told you what the terms would be?

A. Well, basically Billy Colacino and Vinnie Ravo.

Q. Were renovations, in fact, done to the premises?

A. Yes, it was.

Q. And when were the renovations done?

A. March, I believe it started, February and March, I believe.

Q. Of which year?

A. I believe '89.

Q. Who made the arrangements for renovations to be done?

A. Well, I was involved — it was basically Kevin and Scott Matchett did basically the arrangements.

Q. And what was Vinnie Ravo's role with respect to making arrangements for renovations?

A. Well, we basically hired him to do the construction and everything.

Q. Whose idea was it to hire Vinnie Ravo?

A. I believe it was Scott and Kevin's.

Q. What was the total cost of the renovations?

A. Total cost, I would imagine around 100,000 was what I basically put into it, maybe a little less, maybe around 75,000, I think.

Q. Did Vinnie Ravo pay any portion of the renovations upfront?

A. No — I'm sorry, what?

Q. Did Ravo pay any portion of the renovations?

A. Yes, he paid, when he was getting it done, yes, um-hum.

Q. How much did he invest?

A. I can't exactly give you the total. I think you have the checks that I reimbursed him for.

Q. Approximately 30,000 dollars?

A. A little more than that, I think it was.

Q. And you've stated that Ravo was overseeing the renovations as they were being done?

A. Yes, he was.

Q. In fact, he was there every day, was he not?

A. I wasn't there every day, so I can't answer that question.

Q. Was Ravo paid for the time that he spent on the premises?

A. He was being paid for it, yeah, for his construction and stuff.

Q. Was he being paid a fee to be there and do the — handle the renovations?

A. Yes, he was.

Q. When did Satin Dolls open?

A. March of '89.

Q. At what point in time after Satin Dolls opened did you become actively involved?

A. About eight — six to eight months after it had opened.

Q. What did you continue doing at that point?

A. Come in and write the checks and paying the bills and stuff.

Q. How often were you there?

A. I used to come there every morning.

Q. Do you continue to perform those functions?

A. Yes, I do.

Q. Did Ravo serve as a consultant to Satin Dolls?

A. Just as far as when it was being built, yes.

Q. As far as when?

A. When he was doing the construction now, which way to design it and stuff like that, yes.

Q. Did he continue to perform as a consultant after Satin Dolls opened?

A. No, he didn't.

Q. Whose idea was it to call him a consultant?

A. Kevin and Scott's.

Q. And was the only consulting service that he provided to oversee the renovations?

A. Yes, do the renovations.

Q. Once you took over handling the books and writing out the checks, did Ravo receive any money?

A. Yes, he did.

Q. How much was he receiving on a weekly basis, to your knowledge?

A. 500, I believe it was, a week.

Q. Who paid him that?

A. We paid him that.

Q. Were you the one who personally handed him the 500 dollars?

A. No. Basically I put it in an envelope and left it at the bar and someone would pick it up for him.

Q. Was he paid by check or cash?

A. Cash.

Q. Does that continue to this date?

A. Yes, it does.

Q. So then, since approximately the time that Satin Dolls opened in March of 1989 to this day [February 19, 1992], he's been receiving 500 a week?

A. Yeah, approximately that. Some weeks less, depending on —

Q. Why is he receiving 500 a week to this day?

A. Basically for being paid for his work and stuff.

Q. His work in overseeing the renovations?

A. Yes.

Q. Did he also put the deal together?

A. Yes, he did put the deal together.

Q. And he's still being paid for that?

A. Not for putting the deal together, for doing the construction. I guess a combination, yes.

Q. Was he reimbursed the approximately 30,000 dollars that he paid for the renovations?

A. Yes, he was.

Q. You paid him that, did you not?

A. Yes, I did.

Q. And on top of that, he's getting 500 a week?

A. Yes.

Q. Why?

A. We're paying him for his consultant fees. That ends in June of this year.

Q. The 500 dollar payments end in June of this year?

A. Yes, yes, it does.

Q. What consulting services has he provided?

A. As far as telling us how to set up the bar, you know, how to basically do the whole thing. We had never been in the business, and obviously he had managed a place down the road, and that's why we did the consulting with him as far as the renovations and details, how to do it basically.

Q. Have you ever recorded the 500 dollar payment to Vinnie Ravo in the books and records of Satin Dolls?

A. I don't handle the records at Satin Dolls. We have an accountant, and Kevin and Scott do that.

Q. To your knowledge, has the 500 dollar payment a week to Vinnie Ravo been recorded in the books and records?

A. I don't know for sure.

Q. I will tell you that the SCI subpoenaed the books and records of Satin Dolls and no such payment to Vinnie Ravo appears anywhere in those books. Can you explain that?

A. No, because I don't handle the books at all.

Kelley's private testimony before the Commission was equally perplexing regarding the financial transactions pertaining to the renovations at Satin Dolls. Checks written to a variety of individuals were actually intended for Ravo, according to Kelley, yet no receipts existed for the actual work. Counsel Saros asked Kelley, check by check, to explain the reason for each payee, and in each case the explanation had something to do with Ravo:

Q. Check number 526 is made out to whom?

A. Carmine Ravo.

Q. That's Vinny's brother?

A. Yes, ma'am.

Q. What was the 10,000 dollar check for?

A. That was, I believe, part of the 31,000 that I paid back which he put in for renovations.

Q. Is there a receipt or any type of invoice that corresponds with this?

A. No.

Q. Who told you —

A. He did.

Q. Vinny or Carmine?

A. Vinny, Vinny.

Q. He told you that's what Carmine's services were worth?

A. Yeah.

Q. And this is for work done by Carmine?

A. I can't say it was for work done by Carmine, no.

Q. Did you ask for any kind of verification or confirmation of what this amount was for?

A. No, I didn't.

Q. You just took Vinny's word?

A. Yes, I did.

Q. Check number 517 is made out to Kathy Vanecek for 10,000 dollars.

A. Yes.

Q. What was that for?

A. That was for the renovations.

Q. For what in particular?

A. I really — it was made out — basically this is the money that went to Vinny Ravo, this —

Q. For what?

A. For the renovations they spent in — for the renovations.

Q. Did you ask for any type of itemization?

A. No, I didn't.

Q. Why not?

A. Because I took his word for it.

Q. Check Number 518 is made out to Herman Morales for 5,000 dollars. What was that for?

A. Same — same thing; renovations.

Q. Again, do you know what in particular?

A. Well, I believe Herman worked — was working there.

Q. Doing what?

A. Helping with the renovations.

Q. What is Vinny Ravo's wife's name?

A. I — I thought it was Connie Ravo but it might be Costanza, whatever.

Q. This check, 518, is endorsed by Herman Morales and then endorsed by Constance Ravo, Vinny's wife?

A. Mm'mm.

Q. Do you know why?

A. I have no clue why.

Q. Do you know why Vinny ultimately got the money?

A. I didn't — don't know if he did or not, no. What did you say? I'm sorry.

Q. His wife endorsed the check.

A. Right.

Q. So either the wife or Vinny got the money. Do you know why?

A. No, I do not know why.

Q. The prior check, 517, is that your handwriting, Kathy Vanecek?

A. No, it's not.

Q. Do you know whose it is?

A. I would assume it's hers by looking at the autograph.

Q. Did you give that check to Vinny?

A. Vinny or Kathy. I'm not—I don't recall.

Q. Why did you leave "Pay To The Order Of" blank?

A. He asked me to leave it blank, I guess.

Q. Check number 519 is made out to Kirk's Marina for 6,000 dollars.

A. Mm'mm.

Q. What was that for?

A. That was—basically for the renovations, I guess.

Q. What did Kirk's Marina do?

A. I have no clue what they did.

Q. Who told you to make this check out?

A. Vinny Ravo.

Q. Did you ever see any receipts or invoices connected with the renovations and repairs?

A. No, I didn't.

Q. That was all handled by Vinny Ravo?

A. I believe, and Kevin and Scott.

Q. And you paid Vinny Ravo these checks based on what he told you you owed him—

A. Yes, ma'am.

Q. —for renovations?

A. Yes.

Q. Did you understand all those checks were for renovations?

A. Yes, I did.

Q. And you never saw any repair slip—

A. No.

Q. —or invoice. Is that correct?

A. That's correct.

THE EMERGENCY ROOM/KATHY'S KAFE/ MUGSHOTS PUB/GOODFELLAS

In November, 1989, Drs. Kenneth and Daniel Conte of Garfield purchased the stock of Rojovin, Inc., which owned the real estate and liquor license for a bar at 661 Midland Avenue in Garfield. The bar operated under various names in rapid succession during a seven-month period. It opened in January, 1990, as the Emergency Room, then became Kathy's Kafe in April, then Mugshots Pub from May until it was closed due to a fire on July 17, 1990. The fire was determined to be arson and a criminal investigation is continuing.

Although the bar began operating under the Conte's ownership in January, 1990, the application for transfer of the liquor license was not filed until April. Daniel Conte told the Commission in private session that the delay was due to an inability to locate an individual known as Kelley O'Neill, who held a second mortgage on the property. Conte admitted on the record that he and his brother operated the business without having the license properly transferred.

The first manager hired by the Contes was Kathy Vanecek, another girlfriend of Vincent Ravo. Consequently, Ravo was frequently present, and he used the location as a place to meet organized crime associates, including another Genovese crime family associate, Philip Rigolosi of Parsippany. Source information indicated that the purpose of one such meeting was for Ravo to request that Rigolosi take over management of the business in place of Vanecek. Ravo also used the place for other meetings.

Brian Kelley once again was used by Ravo as a front man, this time in acquiring insurance on the premises. Kelley denied during the public hearing that he had anything to do with the ownership or management of the bar and he claimed that he had nothing to do with the application for insurance.

By Counsel Saros:

Q. What was Kathy Vanecek's relationship with Vinny Ravo, do you know?

A. She was his girlfriend.

Q. In the course of the Commission's investigation, we learned that an insurance policy was obtained with Insurance World for The Emergency Room and Kathy's Kafe. On the application for that insurance policy, your name appears as the contact for The Emergency Room. Do you know why?

A. I have no reason — no idea why.

Q. The Commission has been told by the insurance agent that when he visited the premises of The Emergency Room before it actually opened, while renovations were being done, he saw you on the premises directing the various contractors. Is that true?

A. That is not true.

Q. You were not on the premises during renovations?

A. I was on the premises, but I never directed anything.

Daniel Conte testified in depositions during civil litigation with the insurance company arising from the arson that Kelley was considering going into partnership with Kathy Vanecek in managing The Emergency Room. Conte said that Kelley apparently changed his mind and Conte did not hear from him again regarding this issue.

Records show that Vanecek obtained a \$375,000 policy from Royal Insurance in January, 1990; in March, two months later, Daniel Conte was added as an additional policyholder. After the fire in July, 1990, Royal refused to pay the claim on the ground that the policy had lapsed because the Contes failed to pay the premium. The Contes sued Royal in April, 1991, for not honoring the policy. They also asserted

that their agent, Insurance World, Inc., was negligent for failing to submit the aforementioned premium, thus allowing the insurance to lapse. In a counter-claim, Insurance World denied this and accused the Contes of being responsible for the negligence that caused or contributed to the fire.

The bar was repaired and re-opened in December of 1991 as Goodfellas. Daniel Conte had a small role as a mob associate in the movie "Goodfellas." He claims to be a close friend of actor Joe Pesci, a star of the film, and thus re-named the bar after the title of the movie.

According to an April, 1992, report from the Garfield city clerk to the city council, the Contes were using the second floor of the building that houses Goodfellas without the proper license. They also were in violation of the resolution granting the liquor license by having a disco when the resolution specifically prohibited one. Moreover, the Bergen County Planning Board found that the Contes reconstructed and expanded without site plan approval. The matter of the disco and the site plan approval are still pending.

MEDFORD VILLAGE RESORT AND COUNTRY CLUB

The Medford Village Resort and Country Club in Medford Township, Burlington County, was used by some members and associates of the Bruno/Scarfo crime family to further illegal gambling activities.

Moreover, the club was partly owned, until 1985, by Anthony "Tony Buck" Piccolo of Philadelphia, who was until recently acting boss of the crime family.

Finally, the club's license was improvidently issued in 1971 because the establishment did not meet the legal criteria to qualify for such a license. The license remains in place to this day.

The situation has been allowed to occur in part because Medford officials do not require background investigations of licensees. The township police chief told Commission agents that any background investigations are done by the municipal clerk, with the ultimate responsibility lying with the State ABC. He said his department has never done a criminal history check or a fingerprint check on applicants for licensure. The chief acknowledged that he is aware that the club has been associated for years with operatives of the Bruno/Scarfo crime family yet he never passed the information to the governing body.

The crime family member who used the club for purposes associated with gambling was Salvatore "Shotsie" Sparacio, along with several of his associates including Blase Salvatore, Sr., Thomas Lauria, Nicholas J. Caputi, Sr., James Grandrimo, Sr. and James C. Grandrimo, Jr. In his statement during the public hearing, State Police Superintendent Dintino confirmed that Sparacio "has been identified as a soldier in the Bruno/Scarfo crime group." He also attested to the fact that Sparacio used the Medford Village Country Club to meet with operatives involved in the illegal gambling operation. Colonel Dintino identified Salvatore, who is Sparacio's cousin, and Thomas Lauria as organized crime associates working for Sparacio in his gambling network.

Sparacio and several of his subordinates have been observed together often at the Medford Village Resort and Country Club by law enforcement officers from various agencies. The continual presence of Sparacio and the others is alone a violation of ABC regulations. Moreover, there is no evidence that Sparacio was ever "sponsored by" or "personally attended by" a club member on his continual visits to the Medford Village Club, another violation of ABC requirements for club licenses. In September, 1981, Sparacio was put on the Casino Control Commission's exclusion list, which was created to keep undesirable persons out of the casinos. Sparacio has defied the exclusionary order. After this Commission's public hearing, which took place more than 10 years after Sparacio was barred from the casinos, he was told by club president Michael Procacci through an interme-

diary to keep out of the club. Blase Salvatore, however, remains a member despite his criminal record. James Grandrimo Sr. and James Grandrimo Jr. are also members.

Salvatore was also employed as manager at the club while on a state prison work release program in 1977. Such employment was in violation of ABC regulations in that Salvatore did not possess a Rehabilitation Permit from the ABC, which is required whenever an employee has a criminal record. Sparacio has seven gambling convictions between 1948 and 1990, two of them with Thomas Lauria. Salvatore has four bookmaking convictions between 1969 and 1987.

Salvatore's 1986 conviction stemmed from his arrest on club premises on October 19, 1985. Police found gambling wagers valued at \$6,700 on his person, along with the key to an apartment in Mount Laurel that was used for accepting telephone bets. Gambling operative Nicholas Caputi, Sr. was arrested at the apartment the same day as Salvatore; gambling records were found in his possession. Salvatore and his codefendants Caputi, Sparacio, Steven Argentina, Lauria and James Anderson were all ultimately convicted.

Another item confiscated from Salvatore at the time of his arrest was his phone directory. Commission Special Agent Michael Hoey testified at the public hearing as to the significance of its contents:

At that time, his phone directory contained the names of two La Cosa Nostra members from the Philadelphia family, those being Thomas DelGiorno, who most people know as a cooperating witness but at the time was a La Cosa Nostra member, and also the name of Salvatore Sparacio, who is also a made member of a Philadelphia family.

There were also other names of lower-level gambling operatives that are accountable to the Bruno/Scarfo organization....

In his public hearing testimony, Thomas DelGiorno identified both Salvatore and Sparacio as bookmakers aligned with the Bruno/Scarfo organized crime family:

Q. Do you know Blase Salvatore, Senior?

A. Yes.

Q. Is he an associate in the Philadelphia mob?

A. He's with Shotsie. Shotsie's cousin, too, I think.

Q. Were they involved in illegal gambling activities together?

A. Bookmaking business.

Q. Did you have any part in that?

A. In their business?

Q. Yes.

A. At what time? At the time of—

Q. Well, tell us what time that you know them to be involved in bookmaking and what—

A. I met Blase and Shotsie around 1964. I was — I was in my early twenties and I had just started into the bookmaking business. They were the first bookmakers that I worked for and that was the sports business. I worked for them for a couple of years and then my business just — I used to turn half of the booking to them. My business grew and I pulled it away and started taking care of it myself.

Q. When you worked for Blase Salvatore, where did you used to meet with him?

A. He'd come over to my house in Philly sometimes and sometimes I'd go over to Camden. There was a — I might have the wrong place. It was either 4th or 5th and Pine. There was a little bar there, bar/restaurant or something.

Q. When did you first meet Shotsie Sparacio?

A. Around the same time. He was Blase's — well, wait. Him and Blase — yeah, he was Blase's partner in — but I didn't deal with [Sparacio] at that time directly. I had met him but never did business with him. I first got to know him and got close to him around ten years later, like around '74.

* * *

Anthony Piccolo's involvement in organized crime was detailed by Colonel Dintino at the public hearing.

Anthony "Tony Buck" Piccolo has been identified as a soldier and member of the Bruno/Scarfo organized crime family. A first cousin of Nicodemo Scarfo, Piccolo was elevated by Scarfo to consigliere.

In 1989, Piccolo assumed a leadership position as acting boss when Scarfo was convicted on federal RICO charges. It was during this time that Piccolo was recorded conducting the "making" ceremony by an informant reporting to the New Jersey State Police. Piccolo's activity with the Bruno/Scarfo family was a violation of his probation stemming from a 1987 commercial bribery conviction. It is known that Piccolo was president of the now defunct Baron Maintenance Services, Inc., a Camden, New Jersey company involved with contract bid rigging. In addition to his earlier conviction for commercial bribery, Piccolo was arrested during [New Jersey State Police] Operation Broadsword and charged with numerous crimes, including illegal gambling.

Thomas DelGiorno provided first-hand information about Piccolo's membership in the Bruno/Scarfo family.

Q. Do you know Anthony Piccolo, known as Tony Buck?

A. Yes.

Q. And do you know “Tony Buck” to be a made member?

A. Yes.

Q. Do you know approximately when he was inducted into the family?

A. Well, I heard that he was made for a lot of years; maybe in the late '50s or early '60s.

Q. Who made him consigliere?

A. His cousin Scarfo.

Q. And how did you learn that?

A. Scarfo told me he'd been, you know, [made] the consigliere.

Q. Did Scarfo tell you why he selected Tony Buck?

A. Not really. He — I knew why. Because it was his cousin. I mean, he didn't explain that to me. He didn't have — he doesn't have to explain why he does it. You know, he was the boss.

. . . .

Q. Before he became consigliere, he was under a captain?

A. Me.

Piccolo acquired an ownership interest in Medford Village in 1974 when his company, Baron Maintenance Services, Inc., formerly of Philadelphia and Camden, bought into the club. The interest was never hidden but was always listed in publicly available corporate papers.

On January 7, 1974, Alfred Squitire, one of 15 original partners in the club, transferred 84 shares of his stock to Baron Maintenance. Piccolo's signature appears on the sale agreement. In December, 1985, almost 12 years later, Piccolo signed documents transferring his stock from Baron Maintenance to Michael Procacci of Cherry Hill, the club president.

Piccolo's signature as president of Baron Maintenance appears on receipts acknowledging a \$40,000 check dated December 18, 1985, and a \$53,812.50 check dated June 16, 1986, both from Michael and Frances Procacci, in payment for Baron's shares of stock. Piccolo signed many other documents during his 12-year association with the club.

During the Commission's public hearing, Counsel Saros asked Piccolo about these transactions but he invoked his Fifth Amendment privilege and refused to answer any questions.

Q. When Alfred Squitire became one of the original partners of Medford Village Resort and Country Club, was he representing your interest?

A. That would be the same answer, ma'am. [Exercising Fifth Amendment privilege]

Q. What was Squitire's involvement with Baron Maintenance Services?

A. That would be the same answer.

Q. On January 7, 1974 Squitire transferred his shares in Medford Village Resort and Country Club Incorporated to Baron Maintenance Services. Was that transfer done at your direction?

A. That would be the same answer, ma'am.

Q. The SCI is in possession of a number of corporate documents executed by the partners of Medford Village Resort and Country Club Incorporated. I show you one such document which is Exhibit 21 —

MR. ZAZZALI: Let the record show that Exhibit 21 is being shown to the witness and to his counsel, Mr. [Salvatore] Avena.

Q. I would direct your attention to Page 3 of the document and ask if that's your signature as president of Baron Maintenance Services?

A. That would be the same answer, ma'am.

Q. Why did you want an ownership interest in the country club?

A. That would be the same answer, ma'am.

Q. On December 4, 1985, the stock held by Baron Maintenance Services was sold to Michael Procacci. Why was that done?

A. That would be the same answer, ma'am.

Q. \$100,000 was paid by Mr. Procacci to purchase the stock. What was done with that money?

A. That would be the same answer, ma'am.

Q. You will now be shown Exhibit Number 13 which shows the front of a check made out to Baron Maintenance Services in the amount of \$40,000. Below is a typed receipt indicating that the check was, in fact, received and your signature appears under that. Is that, in fact, your signature as president of Baron Maintenance?

A. That would be the same answer, ma'am.

* * *

The country club is owned and operated by two for-profit business entities known as Medford Village Resort and Country Club, Inc., and Medford Associates. A third entity, purportedly non-profit and known simply as Medford Village Resort and Country Club, holds the club liquor license and assists in the operation of the country club.

Separate investigations by the ABC Enforcement Bureau and the Commission have established that the "non-profit" corporation which holds the club's liquor license has been a sham since its inception in 1971. The country club is, in fact, operated by the for-profit corporation. During the public hearing, Commission Special Agent Hoey was asked to elaborate on the ABC regulation regarding club licenses:

A club liquor license is one which can be issued by any township or city and state. It

really has no monetary value in that it's not sold or bought. A township has the ability under current ABC guidelines to issue as many or as few club liquor licenses as they so desire and basically that's the reason why they're of little value as far as resale. This is the kind of liquor license that Medford Village Country Club [has].

Now, also there are other types of liquor licenses which are basically referred to as retail liquor licenses and these, of course, are worth money when bought or sold....

Q. And did the country club's use of a club license violate ABC regulations?

A. The way it was utilized, yes.... According to ABC regulations, club liquor licenses have to be issued to non-profit organizations ... basically for VFWs, Knights of Columbus, that type of charitable organization or recreational entity.

... Medford Village Country Club ... abused the club liquor license. In fact, as a result of our investigation and an investigation in some cases that paralleled our investigation which was done by the ... State ABC Enforcement Bureau, we were able to determine that that club liquor license at Medford Village was, in fact, a sham in almost every respect.

There ... weren't separate bank accounts ... separate meetings and minutes.... With a club liquor license ... you're supposed to have a minimum of 60 voting members and it's supposed to be autonomous.... With ... Medford Village there were six directors who were all original investors in the club.... They called the shots so absent that club liquor license the for-profit entity ran the business, and it's this ... entity [in] which Mr. Anthony Piccolo, the La Cosa Nostra member, had a stock interest....

Q. And there is currently pending an ABC

enforcement action against the licensee. Is that correct?

A. Yes, that's true, and there are extensive charges along the lines that I just related concerning the club license being a sham.

The ABC charges center on the non-profit status of the entity that holds the liquor license. The matter is scheduled to be heard in December by an administrative law judge.

In executive session, club president Michael Procacci testified at length regarding the three Medford Village entities, in particular the “non-profit” organization utilizing the club license. When asked for an explanation as to why this type of license was obtained, Procacci, a successful and wealthy businessman, placed the responsibility on his lawyers and his own lack of knowledge on the subject. He also said that the only reason a club license was sought was because a plenary retail license was not available.

In terms of the operational practices of the business entities, little distinction is made between the non-profit and the profit making entities. Moreover, club membership must be 60 or more persons and each member should be allowed to vote on management issues. Procacci was asked:

Q. With respect to the non-profit corporation, has the general membership of the country club ever been involved in voting for the trustees of the non-profit corporation?

A. They never had any — they have never had any rights.

Q. They never had any involvement with the non-profit corporation?

A. They never had any rights to get involved there. They had their own body in amongst themselves to be the liaison people between the membership and the ownership, so they wouldn't have any involvement at all, that line of questioning.

The managing partners, one of which was Baron Maintenance, make all of the decisions and Procacci seems to possess absolute power, as his private session testimony reflects:

When it comes to memberships, I want to bring this here out, they have a Board of Governors that run the club itself. It's a body of people that are members that have their own associates into the club. If somebody gets out of order, it comes to the Board. If anybody is — for instance, if a new member comes up to sign up for a membership, we have a membership committee. They search it. They — and they bring it to the Board of Governors, and they accept them or reject them.

Q. When was the Board of Governors set up?

A. 1981 or '79 something in that area.

Q. How do you as managing partner relate to the Board of Governors?

A. Well, how do I relate to them? It's very simple. The manager reports to me. He sits in on the — with them as manager, and sometimes, they ask him to leave while they talk about their people and their club.

But anything that came out at the Board of Governors went to the manager, and the manager reported to me. And if I thought that something would be detrimental to the club, I would object, and I would go there and talk to them.

Q. Did you have veto power over any action they might take?

A. Well, if it was really out of line.

But they didn't do anything out of line. I never — I never remember where I vetoed anything —

Q. You didn't have to.

A. — in 20 years. I didn't have to. Sure, I had veto power. If they're talking about spending money that wasn't in the kitty, I had veto power. That's it.

Q. At any time, did you object to a certain individual becoming a member of the country club?

A. Absolutely. First of all, the name would never be — never be handed into the membership committee. When the name would come up for — to be a member, if I didn't like him, I wouldn't — I wouldn't even submit it to the membership committee because I would tell the membership committee I refused to take them in for reasons. But I never had that problem either.

* * *

During the public hearing, Commissioner Evenchick asked Special Agent Hoey to elaborate on the roots of the problems with the licensure of the Medford Village Resort and Country Club:

COMMISSIONER EVENCHICK: Agent Hoey, I think I understood you to say that in the early 1980s and over the years until recently, you determined or your investigation disclosed that the local authorities have done virtually nothing by way of checking the backgrounds of individuals associated with this club. Is that correct?

MR. HOEY: That is correct, yes.

COMMISSIONER EVENCHICK: Can you clarify for us what you mean when you refer to local authorities?

MR. HOEY: Well, according to — my understanding is according to ABC guidelines, rules and regulations that the local townships have the ability to or should conduct background investigations. Now, it can be done by the township fathers, it can be done by the police department at the instruction of the township fathers, but somebody is

obligated to do some kind of background investigation ...

In the case of the country club, it was never done in Medford. Sometimes townships do as little as a criminal history check which is very minimal. What should really be done is that the finances to purchase a facility should be looked into in depth, along with criminal background investigations and the interviewing of people that are going to buy into the liquor license so the township has a good feel for who's getting a liquor license.

With the case — with Medford Village Country Club, the Township, unfortunately, didn't do anything.

COMMISSIONER EVENCHICK: Did anyone ask any of the Township authorities why they did nothing?

MR. HOEY: Well, I went there on an interview during the course of the investigation, and I was told by local authorities that they didn't feel that it was their function to do that and they really, unfortunately, didn't understand what ABC rules and regulations were all about. I don't think they realized that, you know, they were supposed to do this as far as — you know, as far as a background investigation.

COMMISSIONER EVENCHICK: Were you satisfied with that explanation, sir?

MR. HOEY: Well, I don't think at the time I really — I wasn't satisfied, no, or we weren't satisfied but that's what we were told.

SIR JOHN'S PUB

Sir John's Pub in Jersey City represents another example of an organized crime associate having a hidden interest in a licensed establishment. John Ciani, the licensee for Sir John's, until recently was

a front for Genovese/Gigante crime family associate Anthony “Tony the Guinea” Rotolo of Bayonne. Rotolo is disqualified from holding the license himself because of a criminal record and ties to organized crime, which were summarized in State Police Superintendent Dintino’s prepared statement to the Commission at the public hearing:

Anthony Rotolo of Bayonne, New Jersey, is a Genovese/Gigante associate. Rotolo has been convicted on charges of extortion, fraudulent activities, assault and public disorder offenses.

Rotolo was a close associate of the late John DiGilio, after whose death Rotolo aligned himself with Genovese consigliere Louis “Bobby” Manna of Jersey City, who is presently incarcerated on federal racketeering charges.

During the Commission’s investigation, Rotolo and his wife Jane were observed by its agents on numerous occasions in 1988 and 1989 acting in a supervisory capacity at Sir John’s Pub. Rotolo’s wife was the tavern’s manager of record that time.

Despite observations by its agents, witnesses who appeared before the Commission repeatedly denied that Rotolo ran the business. A number of them admitted during interviews that Rotolo was in fact running the bar but gave different stories during testimony in private hearings before the Commission.

Waitress Donna Isabella admitted in an interview with Special Agent Grant Cuzzupe that she had been paid under the table by “Jane or Tony,” and that Tony was the boss. But when subpoenaed to testify, Isabella denied that Rotolo was her boss or that he paid her.

Joseph Fucci, a local building contractor, similarly contradicted himself. In an interview with Agent Cuzzupe, Fucci stated that Rotolo arranged for Fucci and his son to perform renovations at Sir John’s Pub. Fucci said Rotolo gave him a \$1,500

deposit and orally agreed that Rotolo would be responsible for another \$13,500 within a year. Fucci told Agent Cuzzupe that no payment schedule was set up because he and Rotolo are friends. Fucci said that Rotolo still owes \$8,000 and pays “a few hundred dollars” whenever he sees Fucci. Again, however, Fucci’s story changed significantly and became confused when asked specific questions in his private testimony before then-Commissioner W. Hunt Dumont:

Q. When you told Special Agent Cuzzupe that Tony Rotolo gave you a sum of money to start this work, that wasn’t true?

A. I did a mistake. It wasn’t true because I didn’t know was — you know — what really I received the money that time.

Q. When you told Special Agent Cuzzupe that Tony Rotolo gave you some money —

A. No — Tony.

Q. — after that first time that wasn’t true either?

A. No, No.

COMMISSIONER DUMONT: Are you saying now that Mr. [John] Ciani gave you the money?

THE WITNESS: No, now. All the time Ciani gave me the money.

COMMISSIONER DUMONT: I’m just interested in what you’re saying now. Ciani gave you the money?

THE WITNESS: Ciani gave me the money.

Mauro “Moe” Abbato, the owner of Complete Vending, which supplied cigarettes to Sir John’s, told Agent Cuzzupe during an interview that he has known and been a supplier for Rotolo since he started his business in 1981. He initially loaned Rotolo \$5,000 that would be repaid through machine proceeds, and he supplied Agent Cuzzupe with collection slips as evidence of this loan. During his private testimony, however, Abbato contradicted what he

had said in the interview:

Q. When you were interviewed by Agent Cuzzupe, you told him that it was Tony Rotolo who asked for the \$5,000 loan and not Ciani?

A. When I — when — when Mr. Grant [Cuzzupe] called me up and told me that he wanted to meet with me, I asked him if there was anything that he might want to know from me, should I take any information with me and he said no, so I went cold.

To the best of my recollection, what he asked me I answered, you know. I —

Q. And when you told him it was Tony who wanted the \$5,000 loan, was that the truth?

A. I might have thought it was, but I even thought that I gave Tony the money, but I didn't give it to Tony....

Another associate of Rotolo, William Guarini, a local plumbing and heating contractor, performed renovations at Sir John's. Work orders for Guarini's services at Sir John's have "Tony" written on one such document and Rotolo's phone number on another. But in his testimony Guarini denied that Rotolo hired him and insisted instead that it was Ciani. Guarini could not explain why Rotolo's name and phone number appeared on the invoices. Guarini also attempted to minimize his knowledge of Rotolo's involvement at Sir John's Pub in general and, specifically, in regard to the plumbing work at the establishment.

Q. The first time when you did the work, at the time of the renovations of Sir John's Pub, who hired you to do the work?

A. Well, I was called down to look at it and I gave the price— well, Tony was down there when I went down there.

Q. Who told you to go down?

A. Ciani — I went over all the bathrooms with John Ciani and everything else.

Q. Who called you to go down there?

A. Ciani the first time.

Q. And when you went there, you saw Tony?

A. I can't recall. I think he was there. I'm pretty sure he was there. I can't recall that, but I think he was there.

Q. Who told you what kind of work had to be done?

A. What? Ciani, John Ciani.

Q. Was Tony Rotolo involved in those conversations at all?

A. I don't recall that part of it.

Q. Is it possible he was?

A. Possible he was.

Q. In fact, wasn't it Tony who went over the work with you more than John Ciani did?

A. I can't recall that part. Might have, yes, might have, but I can't recall it. You know, it's a year and a half ago and I can't recall that part of it.

Interestingly, Guarini had previously completed work at the My Way Lounge and the Body Shop, establishments in which Rotolo also held undisclosed interests.

The use of John Ciani as a front was not Rotolo's first attempt to conceal his ownership interest in Sir John's. Rotolo and his first partner, Michael Della Rosa, purchased the property and Della Rosa formed the Midel Corporation, which then applied for the liquor license in 1987. Jersey City ABC authorities, however, determined that Della Rosa was fronting for Rotolo who, as the landlord, would have derived benefit from the bar through a lease. The Midel application for licensure was denied by Jersey City. (Della Rosa has since been convicted on gambling charges.)

In private session before the Commission, Della Rosa invoked his Fifth Amendment privilege in re-

sponse to all questions regarding his association with Rotolo and Sir John's.

Shortly after Della Rosa's license application was denied, John Ciani purchased the property and license. The license transfer to Ciani was approved in January, 1988, and six months later, Rotolo acquired a 50% interest in the real estate. A local newspaper article published shortly after Ciani obtained the bar and license identified Rotolo as the new owner of Sir John's.

When John Ciani appeared in a private hearing before the Commission, he too invoked his Fifth Amendment privilege. He did the same at the public hearing, resulting in Counsel Saros' challenging his suitability to hold a liquor license.

Anthony Rotolo also invoked his Fifth Amendment privilege in both private and public hearings.

Rotolo was surveilled by Commission agents on numerous occasions acting in a supervisory capacity. On at least four occasions in October, 1988, Rotolo was observed performing managerial functions such as unloading equipment, working in the kitchen, moving liquor, acting like a host with patrons, discussing renovations of the facility, using keys to open doors and assisting in deliveries. After the agents began issuing subpoenas for records and individuals to testify, however, Rotolo was not seen on the premises again. In fact, Rotolo had to be located elsewhere in order to serve him with a subpoena.

Surveillances in January, 1992, did not find Rotolo at Sir John's; John Ciani was present, however. In conversation with Commission agents acting in an undercover capacity, Ciani indicated that he was now the sole owner, having recently bought out his partners. Real estate records corroborate that Rotolo divested himself of his interest in the property in August, 1990.

MARKET STREET EAST

Market Street East Cafe in Camden is another example involving a disqualified person, who is also an organized crime associate, using fronts to maintain an ownership interest in a licensed premises. From 1983 to June 1989, Bruno/Scarfo crime family associate Frank DiSalvio, who has a criminal record, was the actual owner of this business.

DiSalvio, a nephew of the late southern New Jersey numbers operator Albert "Al Daley" DiSalvio, is a longtime operative for the Bruno/Scarfo organized crime family who has taken over part of his uncle's gambling enterprise. Much of his activity is conducted with African-American gambling operatives in southern New Jersey. DiSalvio has state convictions in 1960 and 1975 for gambling as well as a federal conviction in 1981 for loansharking.

DiSalvio is subordinate to Salvatore "Shotsie" Sparacio of Gloucester Township, a member of the Bruno/Scarfo family who was discussed earlier in this report in connection with Medford Village. Thomas DelGiorno confirmed DiSalvio's relationship with the family and the nature of his gambling enterprise. DelGiorno told the Commission:

Well, when I first met him I really don't know who he was with. The first time I met him was maybe around 1977, 1978. I had met him from Frank D'Alfonso and Eddie Colcher, and he had some number business that he was — it was a night number that they were doing down in the Camden area. They used to get the number from the Delaware Lottery, and he had asked me if I would take an edge off of him, which I did for, you know, a few years. After a few years he went bad in that business and he stopped giving me the edge. Then he resurfaced around 1984 or '85. Shotsie had come to me and said that this kid Frankie was with him now and would I do him a favor and take their edge, so I had said that I would and I went back and took the night number again from the Delaware

Lottery.

Q. Was Frank DiSalvio an associate in the Philadelphia family?

A. From '84 until the time I left he was with Shotsie so, yes, he was an associate. When I first met him in '77 and '78 I don't know what he was doing at the time because I had met him through Frankie D'Alfonso and Broadway Eddie [Colcher] and they weren't made members, so I don't actually know what his position was at the time.

Q. The two individuals that you just named, were they associates?

A. Yes, they were. They were with Angelo Bruno.

....

Q. What do you mean when you say you took his edge?

A. He would have a number business and he only wanted to keep a certain amount of money on it so let's say, for example, he only wanted to keep \$20 on one number so every number that had over \$20 he would give me — I would back the bet that was over \$20. Let's say if he had a one, two, three for \$30, he would keep 20 of it and play it — play with me for \$10.

Q. Did DiSalvio provide you with a steady list?

A. Yeah. That's how we did it. We didn't use — in that — all he did was put his steady list in on a Monday and — when he started he gave me his steady list and it stayed in most of the time. Every once in awhile he may come around and change one or two numbers on me but very rarely did it change that much.

Q. And what is a steady list?

A. A steady list is a list that — it is — it's exactly what it is. It's steady. It stays in all

the time unless it's changed. You put it in once and you leave it in every day until somebody tells you to take it out.

Q. It's the same patrons, same numbers?

A. Same everything, yeah, until somebody changes it.

Q. Were you taking DiSalvio's edge-off work up until the time that you began cooperating with the State Police?

A. Yes, I was.

Q. How often did you settle up?

A. Well, some — on average probably once a week but there was weeks when he wouldn't owe me that much and he wouldn't come around or I wouldn't owe him that much and wouldn't come around. You know, it depended on how much was owed. If the — if I owed him over a thousand or he owed me over a thousand, then he would come around. If it was under that, we'd let it go.

Q. Typically how much in business was DiSalvio doing a week?

A. Three to five thousand a week to me, to me. I don't know what he was doing himself. He was giving me three to five thousand a week.

As is typical in such situations, with Frank DiSalvio owning a bar and being a gambling operative for organized crime, Market Street East Cafe was his base of operation. During surveillances of Market Street East Cafe, Commission agents observed DiSalvio meeting often with numerous known gambling operatives.

* * *

The investigation of Market Street East revealed that Frank DiSalvio used various licensees to conceal his ownership of the business. Despite these efforts, the Commission has established through surveillances of the premises, through testimony from em-

ployees and associates, and from corporate documents that DiSalvio was the true owner/operator. On at least eight occasions, Commission agents observed DiSalvio acting in a managerial role by receiving and storing inventory deliveries, taking money from the cash register and giving orders to employees.

At the public hearing, Special Agent Michael Hoey related an incident of DiSalvio avoiding law enforcement personnel on the premises:

During one of the surveillances Agent Cuzzupe and I entered Market Street East on an undercover surveillance and proceeded to sit at the bar and eat lunch to further document Mr. DiSalvio's involvement in the business. While we were there [a state] ABC inspector...came in to conduct a routine inspection and he then identified himself to the barmaid.

The barmaid, in turn, went back into the kitchen. Of course, she realized that this presented a problem because Mr. DiSalvio wasn't supposed to have anything to do with the business and prior to any — entering the establishment Agent Cuzzupe and I established that Mr. DiSalvio was indeed in the kitchen working that day.

Anyway, the barmaid comes back a few minutes later and says "The owner's not here right now", and the ABC inspector pressed a little further and said, "Well, do you know when he's coming back again"?

She scurried back into the kitchen asking where Mr. DiSalvio was or trying to come up with a good story. She came back later on and said ... that the owner was out doing some errand so the ABC inspector proceeded to do his inspection which consisted of checking — mak[ing] sure things were sanitary, making sure that liquor is not watered down, everything is in order as far as

paperwork. And when Agent Cuzzupe and I were sitting at the bar, Mr. DiSalvio had gone out the back door of the establishment, had come around through the front door which the patrons used and sat right next to Agent Cuzzupe and I, proceeded to watch what the ABC inspector was doing and he sat there until a patron across the bar yelled over to him, "Frank," and then the patron proceeded to ask him a question about the operation of the business, at which time Mr. DiSalvio scurried out of the place.

In private hearings before the Commission, several employees testified that they had been hired by DiSalvio and that he was in fact the boss. Sales representatives from suppliers also considered DiSalvio to be the owner of Market Street East. Liquor salesman Robert Bundy testified that he dealt with DiSalvio and was paid in advance for liquor orders with cash from the register.

William Englehardt, the owner of Bill's Vending Service who also serviced the location, testified that he acquired the account in 1985 and loaned DiSalvio between \$30,000 and \$35,000 to help pay for renovations to the building. In return, Englehardt's firm received the exclusive right to operate vending machines on the premises. However, DiSalvio did not repay the loan and Bill's Vending filed suit and won a judgement against DiSalvio's daughter, Arlene Filippo, who had signed the contract as president of "F & A Dippolito Inc.," the corporation DiSalvio was using as the front on all documents pertaining to the bar. Englehardt explained about the checks issued to DiSalvio:

Q. Whom did you intend these checks to go to?

A. I guess it would be Frank DiSalvio

Q. Isn't that with whom you had the arrangements?

A. Yes, sure, I wouldn't have spoke to Dippolito or Arlene, I never spoke to either one. The only person I ever spoke to was

Frank, Frank DiSalvio.

When asked why “F & A Dippolito” was on the checks instead of DiSalvio, Englehardt replied:

A. We lent the money to — we actually lent the money to F & A Dippolito, Inc. You know, we lent it to the location and Frank DiSalvio, but Frank DiSalvio cannot have anything in his name.

Q. Why is that?

A. I don't know. As long as I've known Frank DiSalvio, he's never had anything in his name. So, therefore, I would never lend anything to Frank DiSalvio without somebody's name on something....

Prior to his involvement in Market Street East, DiSalvio owned two liquor stores, Atco Liquors in Atco and Best Liquors in Camden City. In both instances, he used F & A Dippolito, Inc. as the front for purposes of licensure.

In private session before the Commission, Arlene Filippo admitted that her father used her as a front.

Q. You became president of F & A Dippolito, Inc. as a result of your father wanting you, in essence, to front for him on paper because he could not —

A. If that's the terminology, I guess, yes.

Q. Did you receive a salary?

A. No.

Q. Did you give any money to the corporation?

A. No, nothing.

Frank Dippolito, for whom the corporation is named, also appeared in private session before the SCI. According to Dippolito, he formed the company with DiSalvio's daughter, but was involved only briefly because Frank DiSalvio began to get involved with the daily operation of the business.

Shortly thereafter, Dippolito signed ownership over to DiSalvio's daughter on paper, but said he regretted leaving his name attached to the corporation.

As for Market Street East, in July, 1983, DiSalvio arranged for his longtime friend Michael Conway to obtain a liquor license and place it at 227-228 Market Street. Conway had managed DiSalvio's two Camden County liquor stores during the seven years prior to obtaining the license for Market Street East. Shortly thereafter, Conway left New Jersey and DiSalvio continued to operate the business.

In October, 1986, DiSalvio arranged for Paul Meloni, another lifelong friend, to purchase Conway's liquor license. Meloni was a liquor salesman who had serviced DiSalvio's Atco and Best Liquor accounts. Meloni told the Commission that the business was controlled by F & A Dippolito, which Meloni assumed gave DiSalvio the authority to be involved in the operation of the bar and restaurant. Meloni said that DiSalvio was involved from the beginning in the operation of the company and that he paid “rent” to DiSalvio. Meloni said he ran the bar and DiSalvio operated the restaurant. When DiSalvio began to demand that Meloni assume additional financial burdens, Meloni removed the license from the premises in July, 1987, and placed it with the City until selling it to satisfy business debts.

DiSalvio subsequently arranged for Floyd Caston, Sr., a Camden City official, to place a license held by Caston's son at Market Street East. Despite DiSalvio's promise that he would buy the license for between \$15,000 and \$17,000, neither Caston nor his son received any compensation for its use at Market Street East Cafe, and DiSalvio exercised exclusive control over the license and premises.

When Caston pressed DiSalvio to consummate the purchase of the license as he had promised, DiSalvio stalled by telling him that he had another buyer lined up. As Caston testified in the public hearing:

...He kept putting me off and telling me that

he had a buyer — I [would] have to wait a little longer. Every month it was a new story.

Q. Meanwhile, he had full use of your liquor license?

A. Meanwhile, he had full use of my license.

Q. Did there come a point in time when DiSalvio proposed a certain individual to purchase your license?

A. He had — he had said that he had a person, a person that was interested in purchasing my license and he asked me what I wanted. I told him, you know, our original deal, at least 15 [thousand dollars] because I wanted to pay the vendors and what not off. So he told me he would take care of the vendors. In other words, he was going to speak to each vendor to find out if they would forgive the past debts and which I imagine would increase the value of the license....

Since his son's name was now on the liquor license for Market Street East, the elder Caston began going there on a regular basis to insure that no improprieties were occurring. Caston testified that he thought it would be only a matter of a month or two before the license sale would be completed, but Caston's presence prompted DiSalvio to threaten him.

Q. During that time period were you going to the premises?

A. I was there maybe three, four times a week at least.

Q. And what did you do there?

A. Well, generally I would just sit there and watch to see that nothing improperly was going to be done as far as the license because I was a little protective of that and I would sit there and just watch.

Q. How did Frank DiSalvio react to you —

A. He became very annoyed at the fact that I was there and, in fact, on a couple of

occasions he and I had altercations and he told me to get out, you know, threatened me actually.

Q. He wanted no interference from you?

A. He wanted no interference whatsoever, and I told him "This is my license, you know. I'm just not going to leave my license here and lose them in this place, you know," ... and then I asked him... "When do we get this thing over with," because at that time the time was drawing near for renewal, license renewal, and I needed to dispose of it

In the spring of 1989, DiSalvio claimed that he had a buyer for both the business and the license, and persuaded Caston to wait a little longer before pulling his license out of Market Street East. DiSalvio then brought in the buyer, Robert DiSipio, to operate the bar and restaurant. During the first month of this arrangement, Caston's license was used, but when it was due to be renewed in June, 1989, Caston removed it and surrendered it to the City. Not surprisingly, DiSalvio had another license lined up for DiSipio to purchase and use at Market Street East, a "pocket" license held by Emilio DiMattio, another long-time friend of DiSalvio's who, the ABC had determined, had undisclosed interests in bars on five previous occasions.

Since June, 1989, DiSipio has been the owner and operator of Market Street East Cafe. DiSalvio arranged financing in the amount of \$100,000 for DiSipio to purchase the business, complete with DiMattio's liquor license. As a result of the Market Street sale, DiSalvio was paid not only the sales price, but also received a \$5,000 finder's fee for arranging the financing, most of which was used to satisfy his own business and personal debts.

When DiSalvio sold the business to DiSipio, he conducted the negotiations as a representative of F & A Dippolito. At the public hearing, DiSipio, described this transaction:

Q. Did DiSalvio show you any books and

records of the business?

A. He showed me — I guess he showed me, you know.

Q. From what he did show you, how much was the business making a week?

A. It wasn't doing very much.

Q. How much?

A. 3,500, 4,000.

Q. A week?

A. (Witness nods.)

Q. And that's just from records he showed you?

A. Yes.

Q. What were the terms that you negotiated with DiSalvio to purchase the business?

A. He wanted 215,000 dollars that was — you know, that was — that was everything in the place; you know, liquor and so forth with the liquor license. When I found out it wasn't his license, I also found out that he was having problems with — I didn't want no problems with Mr. Caston or Frank DiSalvio. I didn't want to get involved in that so I looked around for my own license.

Q. Did you make a down payment?

A. Yes, I did.

Q. How much?

A. I put down 12 — I bought the license for 12,000 —

Q. Not the license, the business.

A. Yes.

Q. How much of a down payment did you make for the business?

A. 5,000.

Q. Did you make that payment by check or cash?

A. Cash to Mr. DiSalvio.

Q. You gave it directly to Mr. DiSalvio?

A. Cash, yes, ma'am.

Q. How did you finance the balance?

A. Put my house up.

Q. Did you assume any debts?

A. Yes, I did.

Q. Whose debts?

A. I assumed a 30,000 dollar note from Bill's Vending. Whatever I assumed, I assumed to make up for the sale price. I just wanted this guy out of there.

Q. Were those debts all Frank DiSalvio's debts from the business?

A. I would assume they were,.

Q. Did those debts cause you any financial hardship?

A. Absolutely, absolutely. There was a — like I said, 30,000 from Bill's Vending, 71,000 from South Jersey Store Fixture. I put my house up for 80,000 at 13 1/2 percent interest and out of that, 70,000 went to Frank DiSalvio. The rest was to pay the balance of my home, you know, closing costs, et cetera, you know, all of the legal fees that were — that took part of all the — when we closed the deal.

Commission Agent Michael Hoey testified at the public hearing that after the sale of Market Street East Cafe, DiSalvio fled to Florida to avoid an SCI subpoena. And Robert DiSipio testified to a message that DiSalvio had told him to pass along to the Commission, "He said, 'Tell them that I'm in Florida. If they want me, come and get me.' "

GOOD & PLENTI

Good & Plenti, sometimes called The Fun Place, is a bar frequented by some officers of the Hoboken Police Department, which is right across the street. From 1986 through 1989, the owner of record was Charles Santorella of Secaucus, who testified that he obtained the license for his father, Augustus “Gus” Santorella, of Hoboken. The elder Santorella was disqualified because of his criminal record, which includes a conviction for conspiracy to hijack liquor and narcotics violations.

It was Matthew Calabrese, an accountant and school guidance counselor, who told Gus Santorella in 1986 that Good & Plenti was for sale. Calabrese and his brother Anthony, then-president of Washington Savings Bank in Hoboken, were lifelong friends of Gus Santorella. Washington Savings had purchased the real estate and license from the prior licensee in 1986 and planned to sell the license and lease the building. When Gus Santorella expressed an interest, Anthony Calabrese expedited the financing through his bank and Charles Santorella bought the liquor license and leased the building for one year. However, the deal was really put together by Matthew Calabrese and Gus Santorella. At the same time, Gus arranged for his son to purchase an inactive corporation called D.G.D. Enterprises, Inc., the name in which the liquor license was ultimately held.

Charles Santorella testified that soon after Good & Plenti opened on May 28, 1986, his father “strongly recommended” that he pay Anthony and Matthew Calabrese \$500 per week to guarantee the lease on the building beyond the original 12-month agreement. Charles was given no other explanation for the \$500 payments, which he believed had been arranged by his father and Matthew Calabrese.

For his part, Matthew Calabrese invoked his Fifth Amendment privilege when asked in executive session about the \$500 payments. And Anthony Calabrese simply denied knowledge of the payments.

Charles Santorella testified that although his

father had deliberately avoided using his own name on any document connected with the liquor license for Good & Plenti, it was understood that Gus Santorella would run the business. Moreover, Charles testified that his father was, by nature, a domineering person who insisted on running things his own way.

When the lease for Good & Plenti went on a month-to-month basis in May, 1987, Gus Santorella succeeded in having his disqualification lifted by the state ABC. Thus, he was officially permitted to work at the bar. If a proper investigation of the initial license of Gus Santorella’s application for the permit had been done by Hoboken officials, the use of his son as a front would have been discovered and his disqualification probably continued.

Early in 1987, the relationship between Charles Santorella and his father began to deteriorate because of a family dispute. By mid-1987, Charles Santorella’s status at Good & Plenti had declined to the point where his father was completely running the business. During the summer of 1987, the younger Santorella opened a seasonal restaurant in Point Pleasant Beach and ultimately lost what little control he had over Good & Plenti. In August, he and his father argued so violently about the management of that bar that Gus refused to attend Charles’ wedding.

In September, 1988, Charles Santorella tried halfheartedly to regain some control of Good & Plenti since the liquor license was in his name. Although his father had permitted him to return to work there, he was seldom seen on the premises by other employees. By the end of 1988, Charles Santorella felt pressured to leave Good & Plenti. Although his father was paying him \$400 per week in salary, he was taking numerous deductions for repayment of past loans. As a result, Charles’ take-home pay was approximately \$75 per week, far below what was needed to support a family. Charles was asked:

Q. Did you ever tell him that part of that business was yours and it was your liquor license?

A. Yes.

Q. And how did he respond?

A. I wouldn't — I wouldn't repeat it now.

Q. What was his position as to whose business that really was?

A. At this point he had definitely felt that everything was his. It was his money and I should never set foot in the tavern again or he would break my legs and kill my wife.

In early 1989, Gus Santorella was determined, even to the extent of repeatedly calling his son with threats of physical harm, to have him sign the lease of the bar over to his girlfriend, Courtney Krause. Matthew Calabrese also contacted the younger Santorella on behalf of Gus to suggest that Charles sub-lease the business to Krause. Eventually Courtney Krause was able to acquire a liquor license of her own through a corporation in which Krause purportedly owns a 91 percent interest, with Gus Santorella owning the rest.

On March 22, 1989, Gus Santorella surrendered Charles's license, registered to D.G.D. Enterprises, to the City of Hoboken, with a statement that his son had abandoned the business. Then Krause and Santorella used her new license to operate Good & Plenti.

Charles Santorella testified that when he confronted Hoboken ABC Clerk Leonard Serrano later and asked why he had accepted the license surrender, Serrano stated, "You know how your father is, how persuasive he is." During Charles Santorella's testimony, he implied that his father's lifelong association with people in Hoboken may have influenced Serrano in deciding to accept the surrender of the D.G.D. license.

When Serrano testified before the Commission, he stated that Gus Santorella had provided him with proof that Charles Santorella was not the true owner of D.G.D. Enterprises, although municipal records indicated he was. The elder Santorella showed

Serrano a lease between Washington Savings Bank and D.G.D. signed only by bank president Anthony Calabrese. Serrano said he contacted Calabrese, who confirmed that the lease was in fact with Gus Santorella. Serrano said that when he then sought an opinion from the municipal legal department regarding the surrender of the liquor license he was advised by Assistant City Attorney Thomas Calligy to accept it. A resolution to that effect was drafted for the City Council without checking with the Secretary of State's office to determine whether the Certificate of Incorporation for D.G.D. had been changed in any way, whether there was new ownership or a new registered agent.

Both Gus Santorella and his girlfriend, Courtney Krause, were subpoenaed to appear before the SCI and both invoked their Fifth Amendment privilege against self-incrimination.

Regarding a background investigation of Courtney Krause, Leonard Serrano was asked:

Q. What type of background check was done on Courtney Krause?

A. I have no idea what the police department did with her.

Q. What did your office do to satisfy itself that Courtney Krause had the financial background to be able to purchase the license?

A. We usually ask for a financial disclosure form.

Q. Did you obtain that?

A. Yes, but let me just backtrack a little bit on it. Prior to me taking over this position, I learned this job on-the-job training. I — no one really sat down and gave me hours on it.

In fact, no such financial disclosure form was on file for Courtney Krause at the time of Serrano's testimony; nor was one ever provided to the Commission in response to its subpoena. Ultimately, Serrano stated that Krause had supplied him with proof of bank accounts, which satisfied Hoboken's

requirements for proof of sources of funds. The Commission received no documentation of this information from Serrano.

In February of 1990, Gus Santorella and Courtney Krause jointly purchased the Good & Plenti property for \$470,000. Krause told Commission staff in an interview that she is 75% owner and that Santorella owns 25%. When asked why Santorella's name does not appear on the liquor license, she stated that he is prohibited from being on the license, but that she does not really know why.

The ABC Director suspended the license on August 26 on the grounds that Courtney Krause has improper business connections with Gus Santorella, who has a criminal record.

BARS OWNED BY SAUL KANE, SELVIN HOEFLICH AND ANDREW CORNAGLIA

Extensive information has been collected on several bars in southern New Jersey owned by Bruno/Scarfo associates Saul Kane of Margate, Selvin "Sy" Hoeflich of Aventura, Florida, and Andrew Cornaglia of Somers Point. The history of their common involvement in licensed establishments in New Jersey goes back at least 14 years. Although Kane has been serving a lengthy prison sentence since 1987, Hoeflich and Cornaglia continue to hold interests in licenses.

In his public hearing statement, State Police Superintendent Justin Dintino confirmed the affiliation of Hoeflich, Kane and Cornaglia with the Bruno/Scarfo crime family. And he said of Kane:

Although not a "made" member of the organization [he] held more power than most "made" members.... Kane, with Scarfo's approval, was involved in or familiar with numerous loansharking and shakedown schemes. Presently serving 95 years on a federal drug trafficking sentence stemming from a conviction on charges that he headed an international P2P importation ring, ...

Kane made payments from his profits to Nicodemo Scarfo. Kane was also convicted in 1980 on extortion charges.

P2P is the chemical precursor of the drug methamphetamine, commonly called "speed." Kane purportedly earned \$24 million for the Bruno/Scarfo organization from these activities. Law enforcement sources have indicated that Hoeflich had some involvement with Kane in his drug trafficking activities and that Cornaglia assisted Kane in the transportation and storage of P2P at Cornaglia's bar, the Anchorage Tavern in Somers Point.

Andrew Cornaglia has also been known to be a frequent companion of members and associates of

the Bruno/Scarfo family. He admitted to the Commission in private session testimony that Saul Kane is his "friend" and that he continues to communicate with him at the federal prison in Leavenworth, Kansas. In 1980, Cornaglia testified as an alibi witness for boss Nicodemo Scarfo, Philip Leonetti and Lawrence Merlino in the Vincent Falcone murder trial in Atlantic City; all the defendants were acquitted. Furthermore, Cornaglia employed Nicholas "The Blade" Virgilio, a Bruno/Scarfo member, as the maitre d' at the Bottom Line, a restaurant and lounge Cornaglia once owned in Atlantic City. At the time of this employment, Virgilio had several convictions, including two for murder. After a state ABC investigation, Cornaglia was forced to fire Virgilio because of his record.

Even though Kane, Hoeflich and Cornaglia are not "made" members of the Bruno/Scarfo crime family, they are recognized as loyal, significant associates of the organization.

Protected witness Thomas DelGiorno confirmed the organized crime ties of Hoeflich and Kane during his public hearing testimony. He was asked:

*Q. Do you know Sy Hoeflich?
A. Yes, I do.*

Q. Is he an associate of the Philadelphia family?

A. He was with Saul Kane and Saul Kane was with Nicky Scarfo and that's how that association went, yes.

Q. What part did Saul Kane play in the mob?

A. Saul Kane was with Nicky. He — he handled a couple — I know he handled trade unions for him up in the northeast [Philadelphia] and he — he handled some shake-downs for him in northeast and as time proved it from the cases he had, he also handled some drugs for him.

Q. During the times that you were at Scarfo's Fort Lauderdale vacation home, did you ever see Hoeflich and Kane there?

A. Yes. They — they were there a lot. I saw them there at a New Year's Eve party one time that I can remember specifically and I seen them there on other occasions. I just can't put them to a time frame or when.

Q. And how did individuals get to be invited to Scarfo's New Year's Eve parties?

A. Scarfo had invited them.

Q. Did you ever see Hoeflich and Kane at Scarfo's for a Christmas party?

A. It was a New Year's — oh, the Christmas party was handled at LaCucina and they were there. They weren't in Scarfo's home.

Q. Kane and Hoeflich were there?

A. Yes.

Q. And, again, how were people invited to that?

A. Scarfo invited them or Saul Kane could have invited them, you know. Scarfo could have told him to invite them.

DEPTFORD TAVERN

In 1975 Hoeflich, his brother-in-law (now deceased), and two businessmen acquired the liquor license for the Deptford Tavern, which was located in the Deptford Mall, Gloucester County. From the beginning, Hoeflich employed several persons with criminal records, primarily narcotics violations. Narcotics activity, both distribution and use, was common there. Local police also responded regularly to complaints of thefts and strong-arm tactics by doormen. Surveillances by Commission agents and other agencies established that the tavern was also frequented by members and associates of the Bruno/Scarfo group. Hoeflich divided his time between the Deptford Tavern and the My Way Lounge in Atlantic City, which he owned with Kane, who managed it on a full-time basis.

According to an affidavit in another matter from Philip Leonetti, Scarfo's nephew and underboss who has become a government informant, Hoeflich paid Scarfo \$200 a week in tribute from the proceeds of the Deptford Tavern. The tavern was investigated several times by the State Police ABC Enforcement Bureau and was ultimately charged with violations. Since December, 1988, when the tavern was seriously damaged by fire, the license has been inactive. However, Hoeflich continues to hold a 47% interest in the license and Deptford Township has continued to renew the license despite Hoeflich's extensive and documented organized crime ties.

CORAL REEF

In 1983, Hoeflich acquired an interest in the Coral Reef in Bellmawr. Before opening for business, Hoeflich contracted with Toro Construction Company, a Scarfo-affiliated firm, to perform extensive renovations to the building.

After the Coral Reef opened for business later in 1983, Hoeflich often hired people with criminal records, as he had done at the Deptford Tavern. Numerous law enforcement surveillances show that

this bar too was frequented by Scarfo and his associates. And as had been the case at Deptford, Hoeflich paid Scarfo \$200 a week in tribute from proceeds of the Coral Reef. The Coral Reef also had a reputation for being the site of beatings, thefts, fights and brawls, and the management was notoriously uncooperative with police who responded to the incidents.

Typical of an organized crime-controlled bar, the Coral Reef provided a safe meeting place to discuss illegal activities. One such meeting involved Bruno/Scarfo member Lawrence Merlino of Nat-Nat, Inc. and a competitor who discussed rigging bids for casino construction contracts. The meeting lasted approximately 2 1/2 hours during which time they were treated royally by the Coral Reef staff. There was no indication of payment for the lavish dinner, which included champagne. The results of this meeting proved significant in a federal prosecution of union officials and contractors.

In 1986, William Pulcinello, the manager/bar-tender at the Coral Reef and shop steward for Scarfo-controlled Local 54 of the Bartenders' Union, entered into a concession agreement with Hoeflich to operate the restaurant portion of the establishment. Pulcinello also negotiated an option to buy the licensed business and property, and on February 28, 1990, he finally purchased the license and business for \$400,000. He made a \$100,000 down payment, and Hoeflich and his associates hold a \$300,000 note for the balance.

The Commission investigated Pulcinello's source for the \$100,000 down payment. Although he provided some information and documentation, he was unable to account for a substantial portion of the cash. His explanations were implausible and inconsistent. At one point, in response to specific inquiries, Pulcinello admitted not forwarding employee withholding taxes and not paying his creditors for two months in order to meet this financial commitment. Moreover, there are discrepancies between the information he provided the Commission and that which he gave to Bellmawr municipal authorities at

the time of his application for a transfer of the license.

William Pulcinello has not been identified as a member of organized crime. However, in October, 1991, Pulcinello pledged his home, assessed at \$124,800, as partial security for the \$250,000 bail for Joseph C. Massimino, a Bruno/Scarfo associate arrested by the New Jersey State Police. Massimino was charged with racketeering and conspiracy to distribute CDS. Pulcinello is also related by marriage to a Bruno/Scarfo associate.

ANCHORAGE TAVERN

Andrew Cornaglia is a majority owner of the Anchorage Tavern in Somers Point, which has been essentially a family business from the mid-1950s. Cornaglia acquired his interest in the tavern in 1965, after his father's death, and exercises exclusive control over the operation. His sister, Barbara Trechak, has a minority stock interest in the bar, but although she endorses corporate documents when asked by her brother, she neither works there nor derives any benefit from the business. In an affidavit regarding another matter, Scarfo's nephew Philip Leonetti characterized Cornaglia as "a Scarfo associate."

As was the case with the Deptford Tavern and the Coral Reef, the Anchorage was frequented by mob boss Nicky Scarfo and his associates. Saul Kane and his drug trafficking partners also met frequently at the tavern.

A confidential source has told the Commission that Cornaglia also met frequently with Kane at the home of Gary Levitz, Kane's associate in drug trafficking. According to the source, Cornaglia was fully aware of the drug activity and to some degree facilitated it. The Commission has also established that Cornaglia acted as a conduit for extortion money on Kane's behalf after Kane's incarceration in federal prison. Telephone toll records from the Leavenworth federal prison where Kane is being held confirmed continuing contact between him and Cornaglia. In a private hearing before the Commission, Cornaglia acknowledged this communication as well as his

long-time friendship with Kane:

Q. Since his imprisonment in Leavenworth, Kansas, have you had any contact with him?

A. He calls me.

Q. For what purpose?

A. Just to say hello. All those phone calls are monitored. They must be coming out of a prison.

Q. And you have maintained your friendship with him?

A. Always [have] and always will.

* * *

Notwithstanding their common ties to the Bruno/Scarfo group and their criminal activities, the focal point of the relationship among Saul Kane, Sy Hoeflich and Andrew Cornaglia was their ownership of the old My Way Lounge in Atlantic City in the late 1970s. With Kane as manager, members and associates of the Bruno/Scarfo group became regulars at the My Way, which was located in the Pageant Motel, now the site of Trump Plaza Hotel and Casino. The My Way Lounge also provided employment for associates of boss Scarfo and other members of his organization, some of whom had criminal records. Not surprisingly, many were not listed in employee records as required by ABC regulations.

According to Leonetti, Scarfo was paid between \$200 and \$500 per week from the My Way Lounge in exchange for a "sweetheart deal with the union," Local 54 of the bartenders union. Kane, Hoeflich and Cornaglia were not all partners in the My Way Lounge at the same time. Kane, Hoeflich and two other investors were the original owners. But in 1978, when Hoeflich became aware that the establishment was being investigated by the Atlantic City Joint Task Force, he sold his stock back to the corporation and Kane became the sole stockholder. Just a month after the sale, charges were filed for five violations, including the criminal disqualification of Kane. A short time thereafter, Kane sold one-half of

his stock to Andrew Cornaglia and although disqualified, continued as a stockholder until October, 1979, when he lost the appeal of his extortion conviction. Forced finally to divest himself of his interest, Kane sold his remaining 50 percent interest to Cornaglia, who became the sole stockholder. Despite Kane's disqualification, Cornaglia continued to employ him as the manager, in violation of ABC laws.

The My Way Lounge continued to operate until the Pageant Motel was closed in September, 1981, when the property was sold to casino interests. In September, 1981, during a surveillance of the My Way Lounge by Commission agents, Scarfo was observed loading a rental truck with bar equipment. He was followed to the Anchorage Tavern, owned by Cornaglia, where the equipment was unloaded.

GUCCI'S RISTORANTE

Gucci's Ristorante in Garfield represents a good example of the ease with which an individual can have a disqualification lifted. Gucci's was confirmed by a secret protected witness who testified at the public hearing as being owned by an organized crime associate.

Philip Rigolosi of Parsippany, a documented associate of both the Bruno/Scarfo and Genovese organized crime families, was 50% owner of Gucci's between 1987 and 1989. As an associate of the Genovese family, Rigolosi was subordinate to Alan "Little Al" Grecco, (who also uses the name Wolshonak) of the Louis "Streaky" Gatto group. (Both Gatto and Grecco have since been convicted on racketeering charges and are incarcerated.) In 1982, Rigolosi, who has convictions for gambling and loansharking, was granted a disqualification removal by the state ABC, although an in-depth investigation at that time would have revealed his continuing participation in these activities as well as his ties to organized crime.

The protected witness, whose public hearing

testimony exposed Philip Rigolosi's involvement in Gucci's as well as his ties to organized crime and criminal activities, had been a high-level associate of the Bruno/Scarfo family.

Q. Are you familiar with Gucci's Ristorante in Garfield?

A. Yes.

Q. Who owned that bar?

A. [Philip] Rigolosi.

Q. What is Rigolosi's position with the Genovese family?

A. Associate, high associate.

Q. To whom is he accountable?

A. Streaky and Little Al.

Q. Is that Streaky Gatto?

A. Yes.

Q. And Little Al is Alan Grecco?

A. Yeah, [known as] Wolshonak too.

Q. And what criminal activity is Rigolosi involved in?

A. Gambling and shylocking.

Commission intelligence information indicates that because of the incarceration of Gatto and Grecco, Rigolosi acquired part of their gambling enterprise.

It has been established that Philip Rigolosi used Gucci's regularly to further his gambling activities. Between October, 1988, and July, 1989, the New Jersey Division of Criminal Justice conducted an investigation which led to Rigolosi's arrest on July 17, 1989, on charges of loansharking and gambling. According to Anthony Bonura, a former associate in the Bruno/Scarfo organized crime group and now a cooperating state witness, he met with and called Rigolosi at Gucci's on numerous occasions to discuss gambling debts and loansharking activities.

Despite Rigolosi's criminal history he was able to

own and operate Gucci's from July, 1987, through February, 1989. On February 28, 1989, Rigolosi sold the business to a man who changed its name to Eduardo's but retained all of the employees. During a surveillance of Eduardo's after the sale of the business, Commission agents overheard Rigolosi asking a waitress if he had any messages and observed him using a private phone and making a drink behind the bar.

In a private hearing before the Commission, Philip Rigolosi invoked his Fifth Amendment privilege against self-incrimination when questioned about the sale of Gucci's, about his continued presence at the bar and about his reported affiliation with organized crime.

CLOUD NINE

Cloud Nine in Elizabeth is a discotheque that fits neatly the classic scenario of organized crime figures brazenly defying contractual obligations, then using intimidation and threats to try to muscle property owners aside and assume ownership of a business.

In December, 1986, the building in which Cloud Nine was located, as well as its liquor license, were leased to a corporation called P.M.M., Inc., with stock in the corporation being pledged as collateral. However, without notifying the property owner, the P.M.M. owners transferred their stock, in violation of the lease, to Steven B. Iken of Brooklyn, a Gambino/Gotti associate. Shortly thereafter, Iken visited the property owner with an offer to buy the building housing Cloud Nine. The owner, because of his agreement with P.M.M., was surprised to learn of Iken's involvement in the bar.

After Iken took over the business, he brought in George R. Helbig, another Gambino/Gotti associate, to run it. And Helbig brought in Ron Bryser to be the production manager of the discotheque and Peter Mavis became the manager of the club.

Helbig, of Colonia and Normandy Beach, is a

driver for Gambino/Gotti caporegime (captain) Joseph “Butch” Corrao. John Gotti often spent time at Helbig’s home in Normandy Beach when he was at the Jersey shore.

Bryser had been production manager of a New York disco named Heart Throb, which was denied licensure by New York liquor authorities because it was controlled by Gotti underboss Salvatore “Sammy Bull” Gravano and Helbig.

Peter Mavis and Helbig are co-defendants in a recent federal indictment which charges Mavis’ brother-in-law, a New York City intelligence detective, with leaking information about organized crime investigations to Gotti and his underlings.

Thus, from December, 1986, through May, 1988, unbeknownst to the property owner, Cloud Nine was operated and controlled by organized crime figures connected to the Gambino/Gotti crime family. Although Iken was the owner of record, it was Helbig for whom he was fronting at Cloud Nine.

At the public hearing, Commission Special Agent Cuzzupe, using information from files of the ABC Enforcement Bureau, testified about Cloud Nine. Cuzzupe said that Helbig, who often used the name George Russo, invested more than \$57,000 of his sister’s money in Cloud Nine and that Mavis invested \$27,500.

After Iken tried to buy the property, the owner went to the site and found Helbig supervising extensive renovations. When he challenged Helbig’s right to have such work done, the owner was threatened and verbally abused by both Helbig and Peter Mavis. On another occasion, Cuzzupe testified, the owner observed heavy construction equipment tearing up the sidewalk at his property and again challenged Helbig. This time, Helbig simply gave the owner a card and said, “Talk to my lawyer.” On yet another occasion, the owner appeared at his property and his treatment was the same. In fact, Helbig ordered the man off his own property.

During these visits, the owner said that one of the managers at Cloud Nine told him, “Whether you like it or not, we’re going to own this place.”

Cuzzupe testified:

On two occasions within a two-month period, the property owner was approached by a third party. He told the owner, “These guys want to buy this place and they want to do it the easy way.” When the owner declined, he was told, “Hey, these guys are friends of—,” and then named a prominent organized crime figure in that area. And then he said, “You’d be doing him a favor,” referring to the organized crime figure.

Later, the intermediary offered \$400,000 for the building, which had only recently been appraised for \$900,000. Cuzzupe testified that when the owner checked with New York authorities and learned that Iken, Helbig and their associates were connected with powerful organized crime figures, he became concerned for his personal safety.

Eventually, however, he filed a landlord/tenant suit for payment of \$18,000 in back rent, an action that was eventually settled out of court, with the surrender of the liquor license back to the property owner in exchange for forgiveness of the back rent owed by Iken, Helbig and the others. The owner has since sold the property and the business.

RUNNERS

Runners, also called PJ’s, is a bar on West 21st Street in Bayonne that the Commission’s organized crime witness said was owned by Anthony “Tony Shades” Pintabona, another northern New Jersey associate of the Bruno/Scarfo crime family.

The witness said Pintabona was involved mostly in sports betting and the numbers racket but also some loansharking. He said Pintabona paid hun-

dreds of dollars each week in tribute to his superiors in organized crime in order to be able to conduct his illegal activities. The witness said that although the liquor license was in Pintabona's wife's name and that of his brother-in-law, Pintabora himself claimed that it was really his place. Although the liquor license for PJ's has been inactive for several years, it is still listed in the name of Dorothy Pintabona.

DJ'S RESTAURANT

DJ's Restaurant on Bergen Boulevard in Fairview is another establishment the Commission's witness said was owned by an organized crime figure, Frank DiNigris, a Bruno/Scarfo associate.

As with PJ's, the witness said DiNigris' wife was the owner of record but DiNigris himself told the witness that the place was his.

The witness said DiNigris too was a bookmaker who sometimes engaged in loansharking. He allegedly paid tribute to Albert "Reds" Pontani, a high ranking crime family member from the Trenton area.

MARTHA'S VINEYARD

Martha's Vineyard Restaurant, Route 3 in Clifton, is owned by Patricia Bucco, the wife of Frank E. Bucco, an associate of the Bruno/Scarfo family. Bucco, who is also associated with gambling operatives from the Genovese/Gigante, the Lucchese/Amuso and the Gambino/Gotti families, was convicted in 1973 on federal charges of transporting untaxed cigarettes.

Commission surveillances in 1989 confirmed the presence of gambling operatives of the Genovese/Gigante network of Louis "Streaky" Gatto meeting at Martha's Vineyard with Frank Bucco. The Commission's secret witness also related that the restaurant was considered a secure location and that members of the Bruno/Scarfo and Genovese/Gigante families met there regularly.

In the 1985 federal indictment of Anthony Accetturo, Michael Taccetta, et al, Frank Bucco was one of those named as participating in a meeting at the Hole in the Wall Luncheonette in Newark with Michael Perna, a member of the Lucchese family, and Gerardo Fusella, of the Bruno/Scarfo family, concerning a problem with a loanshark victim.

In 1984, the ABC Enforcement Bureau conducted an investigation during which it demonstrated that Frank Bucco held an undisclosed interest in Martha's Vineyard. A \$9,000 fine was levied in lieu of a 30-day suspension. Bucco immediately applied for a permit in order to be allowed to work at the restaurant. On March 22, 1984, the ABC Director, against the recommendation of the Enforcement Bureau, issued a disqualification removal permit for Bucco.

BILLY B'S

The Commission's organized crime witness said that Billy B's on River Road in Edgewater is owned by Gambino/Gotti capo Anthony Carminati through his girlfriend whose mother, Rosemarie Busch, is the licensee of record. The witness said Carminati told him that he has owned the business since the 1970's.

The witness also said that the place was used as the site for a "sit-down" in about 1980 regarding a man named Carmen Locascio, a small-time loanshark and gambler who wanted to change allegiances from the Bruno/Scarfo family to the Gambino/Gotti family so he could be with Carminati and make more money. Commission surveillances established that Carminati also uses the place for other meetings involving organized crime.

JOEY'S PLACE

Joey's Place on Van Houten Avenue in Clifton was identified by the Commission's organized crime witness as being owned by an associate of the Gambino/Gotti family. The owner, Joseph J. Barcellona Jr., pleaded guilty in the late 1970's to con-

spiracy to file a false arrest report in a case involving the son of an organized crime boss. The object of the conspiracy was to bribe a state police detective in order to have assault charges dropped against Philip Lombardo Jr., son of Genovese boss Philip “Cock-eye Phil” Lombardo. The alleged assault took place in a club Barcellona then owned in Ortley Beach.

The Commission’s witness said that Barcellona paid “ice,” or tribute, to an organized crime figure in order to be able to operate his club in Clifton.

In an affidavit sent to the Commission, Barcellona denied paying anyone, denied even knowing what “ice” was and denied being involved with organized crime. He admitted, however, that several persons he grew up with later became organized crime figures and he still maintains friendships with them.

Barcellona said that in December, 1990, the State ABC granted him permission to hold a liquor license. That privilege had been suspended following his guilty plea in the 1970’s.

HISPANIC BARS

All the bars discussed to this point in the report have had ties with so-called traditional organized crime figures who are members or associates of La Cosa Nostra, the domestic mob made up predominately of men of Sicilian ancestry. But as the Commission pointed out in its 21st Annual Report (1989), organized crime has always included gangsters from ethnic groups other than Italians. And this is true even more so today.

That same report pointed out that persons of Hispanic birth or ancestry are becoming an ever more powerful and dangerous force in organized criminality, especially in the importation and trafficking of narcotics. It was for this reason that the Commission devoted some of its investigative efforts to Hispanic-owned bars in northern New Jersey.

Obviously, not all those persons connected with the bars mentioned here have links to organized Hispanic criminal groups but all have been involved in criminality in one way or another. Some have of necessity concealed their interests behind seemingly legitimate fronts while others operate openly because municipal licensing authorities are lax in fulfilling their responsibilities. And some locations are used overtly as the site of ongoing criminality. The Commission feels, therefore, that the licensure of all these establishments is questionable and should be reexamined by municipal and state authorities. All the establishments are in Union City or West New York.

Commission Special Agent Judith A. Walsh testified at the public hearing regarding this issue. Her testimony was based on information gleaned from Commission surveillances, FBI and DEA officials and sources, information from the Hudson County Prosecutor’s office and court records. An undercover agent from another agency was detached to the Commission to assist in its surveillances.

EL PATIO

El Patio, a bar at 1401-03 Bergenline Avenue, Union City, has been licensed by the municipality despite the fact that one of the two owners was an illegal alien at the time of the initial licensure in 1984. The license was renewed each year until 1991 even though the same owner was convicted of fraud in 1985 and of drug offenses in 1990. In fact, the application for renewal in 1991 was even notarized by an official at the federal prison in Danbury, Connecticut, yet the license was renewed anyway.

The owners are Hugo Caro and Jose J. Osorio-Londono, both Colombians. Because of a spelling error in the municipal clerk’s office, the original name on the license was John Oadrio, not Osorio, If any background investigation at all had been done on the applicants, it would have revealed the spelling error along with the fact that Osorio, who had come to the United States from Canada in 1980 with

temporary immigration papers, had, by 1984, become an illegal alien.

Osorio, a 50 percent owner, was convicted in 1985 for fraud and in 1990 for selling cocaine to a DEA undercover agent. When Commission's agents visited El Patio in October, 1990, William Avila introduced himself to them as the manager. Avila stated that Osorio had given him power of attorney to handle his business and other affairs while he was in prison. Avila himself is disqualified from working in a licensed premises because he has a criminal record and does not have a rehabilitation permit from the State ABC.

The prior manager of El Patio, Mario Gutierrez, was arrested in February, 1989, for selling cocaine to an undercover officer. He pleaded guilty to the charge in March, 1992, and was sentenced to five years in prison. Negotiations for the drug sale took place at El Patio but the actual sale took place elsewhere.

In December, 1990, there was a drug-related shooting and attempted kidnapping at El Patio. Union City police brought in a drug-sniffing dog because of information that drugs may have been involved. Although no drugs were found in the search, the dog "keyed" on a cigarette vending machine, indicating that drugs may have been stored there.

The other 50 percent owner of El Patio, Hugo Caro, also a Colombian, has no record. But since he could not be located in December, 1990, following the shooting incident, Union City police padlocked the establishment. Nevertheless, the license was renewed in July, 1991, although it remains inactive. Osorio's and Caro's names are still on the license.

BARS OWNED BY ANTONIO TOBAL

Antonio Tobal, whose full name is Ramon Calzadilla-Toba, was one of the prisoners in the Marielito boat lift of May 8, 1980. He was one of many who had been paroled by President Fidel Castro to the United States from Cuban jails and mental hospitals. In this country, Tobal has convictions for carrying a concealed weapon in 1982 and for bribing an undercover police officer from West New York in 1990. Agent Walsh testified that Tobal controls or has interests in four bars — two in Union City and two in West New York.

La Sherezada, 229 61st Street, West New York, was licensed on August 29, 1988 to Antonio Amendola Sr., and his son, Antonio Jr., each of whom has a 50 percent interest. Both men were arrested on June 4, 1988 on cocaine and weapons charges by the Hudson County prosecutor's office and again six days later on charges of bribing an undercover West New York officer working on the investigation. Also arrested at that time was Tobal, who subsequently pleaded guilty to a lesser charge of making gifts to a public servant. Amendola, Sr. was convicted of the charges but has since died. His son is a fugitive.

As a result of the charges, the Amendolas were forced to divest their interests in the bar, which was then sold to Rebecca Bonilla, Amendola's sister-in-law, and Lourdes Rodriguez, Tobal's live-in girlfriend. Bonilla subsequently sold her interest to Rodriguez. Commission surveillances have revealed that despite these paper changes in ownership, which were hardly arms-length transactions, Tobal still controls the bar. Additionally, the FBI has told SCI Agent Walsh that cocaine dealing took place there.

Based on information from surveillances, informants and other law enforcement agencies, the Commission believes that Tobal owns or controls La Taberna de San Roman, 5717 Hudson Avenue, West

New York; Mi Quisqueya, 4701 Park Avenue, Union City; and La Mina Disco Bar, 708 West Street, Union City.

GRANA'S CAFE

Grana's at 6316 Park Avenue, West New York, was licensed to Margot Grana because her husband, Jose Grana Sr., was disqualified as the result of his criminal record for gambling offenses in 1974 and homicide in 1984. Nevertheless, the Commission has determined through surveillance that Jose Grana ran the business and was taking numbers there. He was arrested in October, 1990, and later convicted on charges involving illegal video gambling machines. Margot Grana was subpoenaed by the Commission but, in response to questions about ownership of the bar, invoked her Fifth Amendment privilege not to testify.

The license has been inactive since November, 1990, and the site has been used as a jewelry store.

CHEZ TIGRA

Located at 200 40th Street, Union City, Chez Tigra has been the site of illegal video gambling, according to a Commission undercover operative. Moreover, the telephone in the bar has been used to negotiate drug distribution since 1986, a fact that surfaced in a federal prosecution the following year in which the trafficker was convicted.

CECI NIGHT CLUB

Ceci Night Club, now known as El Tranvia, at 406 43rd Street, Union City, was the site of illegal gambling and narcotics activity, according to Commission experts and the FBI. A 50 percent owner of the club, Santiago Cueto, was convicted September 22, 1988, on a narcotics charge. Despite this conviction, Cueto's name continued to appear on license renewals until the bar was sold in May, 1991.

CONCLUSION AND RECOMMENDATIONS

The Commission is acutely aware of the financial importance to the state government of the alcoholic beverage industry, which is responsible for tax revenues of more than \$1 billion per year. Beyond this, the industry generates untold millions more to the state's economy.

Nevertheless, because of the early history of the industry, the Division of Alcoholic Beverage Control was given a statutory mandate to keep organized crime out of bars, restaurants and other licensed premises, as well as other segments of the industry. In this regard, the Division has very much the same admonition from the Legislature as do casino regulators, and for the same historical reasons.

It seems self-evident that regulatory officials should by now be sensitized to the issue of organized crime. They should be vigilant while maintaining a sense of perspective and fairness. However, because the Division does not distinguish cases involving organized crime from other cases, the Commission believes that the Division does not take as seriously as it should its mandate to keep organized crime at bay. It sometimes deals with mobsters the same way it deals with minor regulatory violations. It does not give any greater weight to cases that might involve organized crime, such as matters involving hidden interests or those involving unqualified persons working in licensed premises. It is too quick to lift disqualifications to allow such employment. And when it does impose penalties, they are too light to have much deterrent effect.

* * *

The Commission makes the following recommendations:

- In the Interim Report issued in March, this Commission found severe shortcomings in the manner in which many municipalities performed background investigations of applicants for licensure. It was for this reason that the Commission recommended that “the Governor and the Legislature should consider eliminating all local authority to pass on the fitness of applicants, leaving municipalities to pass on purely local related issues, such as zoning.” Background investigations should be done by state investigators and licenses could be granted only with state approval. Of course, this presupposes that the enforcement and investigatory function at the state level be fully funded.

Some regulated industries in New Jersey such as the casino industry, the insurance industry, the utility industry and others are required by statute to pay certain costs associated with doing business in the state. The casino industry, for instance, pays the entire cost of the state regulatory system, including the cost of investigating the backgrounds of applicants for licensure. The utility industry pays the cost of state rate counsel in the Department of the Public Advocate, which represents the public in rate proceedings before the Board of Public Utilities. And insurance rating organizations pay the Public Advocate's costs associated with applications before the Department of Insurance for rate increases.

In the Interim Report, the Commission recommended that individual licensees pay the cost of appeals of contested disciplinary proceedings as well as higher fees in order to provide a broader revenue base for the Division. However, we go beyond that and now recommend that the state should follow the pattern established in other regulated industries and assess to the liquor industry the entire cost of the

ABC Enforcement Bureau, and perhaps other units of the Division as well. If the state government is serious about keeping organized crime out of the alcoholic beverage industry, it must find a way to police the industry effectively. It cannot simply give up on this vital area of enforcement.

- The Commission believes that the Division of ABC should provide for presumptive minimum penalties such as license suspensions for those regulatory offenses most likely to hide organized crime involvement in the industry. Deviations from the presumptive penalties, such as fines in lieu of suspensions, should be permitted only with an explanatory statement from the Director.

Two areas the Commission staff has identified as being used continuously to hide organized crime involvement in licensed premises are those involving hidden interests in businesses and failure to maintain true books and records. Inadequate or phony books are often used to hide undisclosed interests. The Commission reviewed the records submitted by licensees under investigation and found many serious deficiencies. To the extent that the Division relies on such records to calculate fines, it is being deceived and shortchanged.

- The Commission believes the Division similarly should impose a minimum period of suspension for persons with criminal records or associations who desire to be employed in licensed beverage establishments. And it should develop criteria for lifting disqualifications.

- Regulations should be amended so that licensees such as Jerry Blavat, whose conduct has caused other licensees to be cited for violations, are subject to disciplinary action themselves.

- Licensees should be subject to discipline, perhaps even to the extent of license revocation, when they invoke their Fifth Amendment privilege in response to questions about matters affecting their suitability for licensure.

- The Attorney General should require that county prosecutors notify the Division of all cases involving gambling and narcotics activity in licensed premises so that appropriate administrative penalties may be imposed on the licensees.

- The Division must establish a follow-up inspection procedure to make sure that licensees take appropriate corrective action after there has been a finding of administrative violations.

* * *

Since the Interim Report, several municipalities have asked the Commission staff for assistance in the proper method of conducting thorough background investigations. The assistance has been gratefully received. While such positive responses manifest a willingness on the part of these municipalities to improve their procedures, the Commission remains firm in its conclusion that the state, with proper funding, is the better entity to assume the licensing and regulatory functions of the alcoholic beverage industry.

This report represents the conclusion of an investigation and public hearing on the subject of regulation of the alcoholic beverage industry. As we have done in the past on other subjects, we emphasize that we have found the industry generally free of widespread organized crime influence. However, any presence at all is cause for concern. Therefore, we believe that the foregoing recommendations will, if implemented, bring about significant overall improvements in the regulatory process and at the same time better control the menace of organized crime in this area.

The investigation on which this report is based was begun under the direction of Counsel Ileana N. Saros and then-Chief of Organized Crime Intelligence Justin J. Dintino. It was continued under Saros' direction after Dintino resigned to become Superintendent of State Police. Assisting in the investigation were Senior Special Agent Frank A. Betzler, Special Agents Paul P. Andrews, Jr., Grant F. Cuzzupe, Michael R. Hoey and Judith A. Walsh, former Special Agent James J. Sweeney, Investigative Accountant Michael R. Czyzyk and Intelligence Analyst Paula A. Carter. The Commission wishes to acknowledge the Division of State Police and the Division of Criminal Justice for their assistance in providing the two organized crime witnesses for the public hearing.