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THE ADMINISTRATION'S EFFORTS AGAINST
THE INFLUENCE OF ORGANIZED CRIME
IN THE LABORERS' INTERNATIONAL
UNION OF NORTH AMERICA

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A REPORT
BY THE
SUBCOMMITTEE ON CRIME
COMMITTEE ON THE JUDICIARY
U.S. HOUSE OF REPRESENTATIVES

TOGETHER WITH
DISSENTING VIEWS
ONE HUNDREDTH FOURTH CONGRESS
SECOND SESSION



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The Administration's Efforts Against the Influence of Organized Crime in the Laborers' International Union of North America

I. Executive Summary

The forces of organized crime, particularly *La Cosa Nostra*, have inflicted immeasurable harm on every American, from the price of goods in a store to the presence of drugs on the streets. The mob routinely targets labor unions and brings untold damage on rank-and-file workers by, among other things, stealing their jobs for well-placed friends, forcing them to pay unnecessary fees, and stealing from their pension and welfare trust funds.

The mob-busters at the Department of Justice (DOJ), the Department of Labor (DOL), and the Federal Bureau of Investigation (FBI) decided in 1991, during the Bush Administration, to begin an all-out attack against the influence of organized crime within the Laborers' International Union of North America (LIUNA), a union with a membership that exceeds 700,000 individuals. In preparation for its attack, DOJ, with the assistance of DOL and the FBI, compiled over one million pages of evidence. This documentation stood as the backbone for the 212-page civil racketeering complaint against LIUNA and a number of its officers, including the union's General President, Arthur A. Coia.

In the complaint, Mr. Coia is identified as an individual who "has associated with and been controlled and influenced by, organized crime figures;" associated "with members of the New England *La Cosa Nostra* for a substantial period of time;" and for three years with his father received kickbacks that were shared with Raymond Patriarca, head of the New England Crime Family.

(1)

Meanwhile, Mr. Coia, shortly after becoming the General President of LIUNA in March 1993, also became a professional, social and personal friend of the President and First Lady of the United States. Despite repeated notice to the White House by DOJ, DOL, and the FBI, including an FBI memorandum to the White House Counsel's office which stated, "Coia is a criminal associate of the New England Patriarca organized crime family," the relationship between Mr. Coia, the President and First Lady continued to grow.

The Federal Government's decades-long fight against mob corruption in labor unions took a historic turn in early 1995. In 19 previous cases, the Department of Justice filed and won civil anti-racketeering (RICO) complaints in federal court. Independent monitors were appointed to rid the unions of organized crime control.

But in February of 1995, the Department switched to a new mob-busting technique -- self-policing. In the case against LIUNA, DOJ reached a settlement with the union and its president which allowed a team chosen by LIUNA to undertake the task of cleaning out mobsters from the union. A retired senior FBI official was named as inspector general; a former organized crime prosecutor and LIUNA lawyer was hired to be the prosecutor; and a former U.S. attorney was retained to be the judge. To date, many LIUNA members associated with the mob have been expelled from the union. In addition, LIUNA signed a consent decree which allows DOJ to file the RICO complaint at any point and have an independent monitor appointed.

While the settlement has produced positive results, troubling questions remain. First and foremost, Arthur Coia, LIUNA's politically well-connected president, is still in charge, despite being characterized by the head of DOJ's Organized Crime and Racketeering Section as a "mob puppet." In late 1994, after receiving the 212-page RICO complaint filled with allegations of wrongdoing leveled against him, Mr. Coia faced the ordeal of battling to save his job against a court-appointed monitor. Now he appears stronger than ever. Mr. Coia went from being characterized as a "mob puppet" in 1994 to President Clinton's head table at a multi-million dollar, black-tie fundraising dinner sponsored by the Democratic National Committee earlier this year.

Second, Mr. Coia's lawyers argue that DOJ has promised not to "pull the plug" on the internal clean-up process unless the union acts in bad faith. They may attempt to litigate for breach of contract if DOJ files the consent decree.

Third, President Clinton maintained a strong personal relationship with Arthur Coia even as the Justice Department zeroed in on the union president. White House officials ignored repeated notifications by law enforcement officials of Mr. Coia's connection to organized crime. These coexistent facts -- namely 1) that Mr. Coia is one of the biggest financial supporters of the Administration and 2) that he has escaped from the clutches of the Justice Department -- present a disturbing appearance of conflicting interests. This appearance, at the very least, severely undermines the public's confidence in the integrity of the justice system.

II. Introduction

Ten years ago, the President's Commission on Organized Crime (PCOC) identified organized crime as a plague on society that had to be surgically and meticulously excised from legitimate institutions. It also identified what came to be known as the "Bad Four," the four most corrupt unions in America: the International Brotherhood of Teamsters (IBT), the Longshoremen, the Hotel Employees and Restaurant Workers, and the Laborers' International Union of North America.

Since then, the Federal Government has spent tens of millions of tax dollars to rid these and other unions of mob control. Federal prosecutors chose the civil remedies of the federal anti-racketeering statute (RICO) as the legal mechanism to accomplish this mission because it was crafted for the specific purpose of excising organized crime from legitimate institutions. In 19 civil RICO cases over the past decade, the Department of Justice has won 19 times.

And then came LIUNA and Arthur Coia. After years of work and the preparation of a 212-page civil RICO complaint supported by millions of pages of documents, the Justice Department made a historic law enforcement concession. It reached a settlement with LIUNA which turned the mob-busting mission over to the union itself.

Such a change in direction deserves congressional scrutiny. Given the severe harm inflicted on America by organized crime, the general public, including law-abiding union members in

particular, deserves to know whether such a shift in policy is consistent with the interests of public safety. Moreover, maintaining public confidence in the integrity of the criminal justice system is vital to public order. Yet, the circumstances surrounding the LIUNA settlement have severely threatened public confidence.

In its 1986 report, the PCOC criticized then President Reagan for associating with and accepting political support from Teamsters' President Jackie Presser while the Department of Justice was investigating racketeering activities within the IBT.¹ The Commission noted that personal relationships between political officials and union officials connected to organized crime can undermine public confidence in the criminal justice system. The Commission observed:

Even when there are no actual attempts to tamper with the prosecutorial process by using political power, certain political alliances and well-timed political contributions can create an appearance of impropriety.... The Commission...is convinced that the impact of such contacts can lead to an erosion of public confidence and dampen the desire to end racketeering.²

This is clearly the same issue at stake in the saga of the Federal Government's enforcement of anti-racketeering laws against the Laborers' International Union of North America. Two points

¹"THE EDGE: Organized Crime, Business, and Labor Unions;" President's Commission on Organized Crime, 1986, p. 31.

²Ibid., pp. 30, 31.

are indisputable: 1) in 1994, the Department of Justice was closing in on LIUNA and Mr. Coia after years of investigation; and 2) at the very same time, Mr. Coia had established himself as a major political force within the Democratic party and built a personal relationship with the President and the First Lady. The extensive media attention paid to this matter is evidence enough of the troubling connection between these facts.

On July 23 and 24, 1996, the Subcommittee on Crime of the Committee on the Judiciary conducted a two-day hearing entitled, "The Administration's Efforts Against the Influence of Organized Crime in the Laborers' International Union of North America (LIUNA)." During the course of the two-day hearing, the Subcommittee heard from a total of eleven witnesses. These witnesses included high ranking DOJ officials, organized crime experts, and the former business manager of LIUNA Local 210 who was an eyewitness of organized crime control within the union. Prior to the hearing, the Subcommittee interviewed more than fifty individuals and reviewed hundreds of documents. Mr. Coia did not testify because his attorney refused to allow the bipartisan subcommittee staff to interview Mr. Coia prior to the hearing. It is standard procedure in oversight hearings that witnesses be interviewed before testifying publicly. Indeed, all eleven hearing witnesses agreed to be and were interviewed before testifying.

The Crime Subcommittee's investigation focused on the connection between the Justice Department's actions and Mr. Coia's privileged position. While the facts gathered to date do not

reveal a direct connection, serious concerns exist about the propriety of the White House's extensive dealings with someone who was simultaneously battling federal prosecutors.

The PCOC's warnings regarding the erosion of public confidence apply squarely to the LIUNA case. Millions of tax dollars were spent in pursuit of organized crime influences within LIUNA. Instead of seeking an independent court-appointed monitor to clean-up the union, the Justice Department gave this responsibility to the union and reserved the option of going to court if the self-policing approach was unsatisfactory. The Administration should have expected that such a change in direction would give rise to careful scrutiny.

Many will argue that the Department's decision has given Mr. Coia not just a new lease on life within LIUNA but, ironically, a unique opportunity to strengthen his hold on the union. Rivals have been removed through the clean-up efforts that have occurred and Mr. Coia's continued leadership presents the image of a reformer rather than the man once described by a senior Justice official as a "mob puppet."

Of course, the Justice Department and LIUNA officials strongly disagree. They assert that Mr. Coia is precariously situated at the present time because he is subject to continuous investigation by the LIUNA enforcement team. The Department will "pull the plug" on the enforcement team and take the union to court if Mr. Coia fails to comply with various demands.

Only time will tell if the taxpayers have been well served. It is regrettable, however, that while the nation waits, a cloud of suspicion, emanating from the apparently conflicting actions of the Administration, hangs over the entire matter.

III. Background

A. Organized Crime in America

For too long, organized crime has had a choke hold on society. It is a problem affecting every man, woman and child in the United States. In 1994, Louis J. Freeh, Director of the FBI, testified before the Senate Committee on the Judiciary as follows:

In the 1986 report called 'The Impact: Organized Crime Today,' the President's Commission on Organized Crime...estimate(d) the cost of organized crime on the economy, in terms of sustained higher prices and the continued underpayment of taxes to the federal government. The Commission concluded that the estimated economy-wide impact of organized crime, excluding drug trafficking organizations, was as follows:

- output was reduced by \$18.2 billion in 1986 dollars;
- employment was reduced by 414,000 jobs;
- Consumer prices were higher by 0.3 percent; and
- Per capita personal income was lower by \$77.22, measured in 1986 dollars.

Director Freeh further noted that "although figures abound with regard to the billions of dollars in federal, state, and local seizures of drugs, illegal drug proceeds (cash and other assets), etc., the fundamental harm to society is incalculable."³

The destructive nature of organized crime was similarly described at the Subcommittee's two-day hearing. Outlining the harmful impact of organized crime from his own personal experience, James Moody, the recently retired Deputy Assistant Director of the Organized Crime, Drug and Criminal Intelligence Branch of the FBI's Criminal Investigations Division, reported to the Subcommittee that there are currently about 2000 *La Cosa Nostra* (LCN) members in the United States. He went on to report that each member has about ten associates, meaning that about 22,000 people throughout the United States are actively engaged in loan-sharking, prostitution, pornography, extortion, drug trafficking, fraud, gambling, bribery, racketeering and, of course, murder.

B. Organized Crime and Labor Unions

Mr. Moody and other witnesses confirmed that the customary targets of organized crime are labor unions. According to the FBI, the close relationship which has historically existed between organized crime and labor is based on several factors. Specifically, unions enable organizations like the LCN to:

³Testimony of Louis J. Freeh before the Senate Subcommittee on Technology and the Law, on March 18, 1994.

- convert financial resources, such as members' dues, union assets, or worker benefit funds to the mob's own use (There are over \$115 billion in some 4,500 union benefit funds in the U.S., and a large local may have as much as \$200 million in its retirement fund);
- use union dues to exact payoffs from businesses in the form of sweetheart contracts or strike insurance;
- influence an entire market, through various bribes and payoffs with union money, as part of a general market corruption scheme; and
- gain access to and protection from the political and governmental process. Corrupt, LCN-influenced union authorities dictate their wishes to political figures, tempting them with substantial campaign contributions and union voting power.⁴

Edward McDonald, chief of the federal Organized Crime Strike Force in Brooklyn, once characterized the correlation between organized crime and labor unions as follows:

A corrupt union is a profit center. It offers almost unlimited opportunities for extortion through the use of "ghosts" (fictitious workers and "no-shows" -- employees who do not come to work) and the threat of slowdowns. Mob-

⁴See: "FBI: An Introduction to Organized Crime in the United States," July 1993.

controlled unions and labor-leasing companies supply security guards for nuclear power plants, garbage collectors for most New York City office buildings, and truck drivers for Shell Oil, Coca-Cola, and International Paper, among many others. A union can be used instead of a gun or a baseball bat.⁵

In its final report to President Reagan in 1986, the PCOC identified the four largest unions that were infiltrated by organized crime. These four unions, which became known as the "Big Four," are the International Brotherhood of Teamsters, the Longshoremen, the Hotel Employees and Restaurant Employees Union, and LIUNA.

In connection with the PCOC's findings, Clark Hall, who held the position of an acting unit chief and supervisory agent at the FBI, stated at the Subcommittee's hearing the following with regard to unions and organized crime:

The higher levels of the Big Four have been so pervasively corrupted in the past...that, indeed each of those presidents of each of those Big Four international unions were hand-picked by La Cosa Nostra. There is no question whatsoever.

⁵"The 50 Biggest Mafia Bosses," *Fortune Magazine*, November 10, 1986.

In fact, the corruptive influence of organized crime in LIUNA has been so extensive that, according to Mr. Moody, a successful prosecution of an individual union officer has resulted in the union replacing such officer with another mob figure, a frustrating fact for dedicated law enforcement officials.

C. Organized Crime, LIUNA and Arthur Coia

LIUNA was established in 1903, and has a membership that exceeds 700,000 individuals. It is comprised of 60 district councils and more than 5000 local district offices, and, according to the Department of Justice, has long been a tool of corrupt union officials acting in concert with members of organized crime families.

Since March of 1993, Arthur A. Coia has served as LIUNA's General President. Mr. Coia won the position of General President after the death of Angelo Fosco, a well known associate of organized crime. Mr. Coia joined LIUNA, with his father's help, in 1957, and held numerous positions within LIUNA prior to becoming the General President. Over the past 40 years, Mr. Coia has served as the Vice President of Local 271, the Assistant Regional Manager of New England, the Business Manager of the Rhode Island District Council and the General Secretary-Treasurer of the International Union. His father was also an associate of the mob according to the Justice Department.

During the Subcommittee's investigation, LIUNA went to great lengths, including full page newspaper ads, to assert that Mr. Coia is leading the union through a process of honest reform. The information gathered by the Subcommittee provides ample justification for any objective observer to remain skeptical. The Subcommittee received a significant amount of information indicating that Mr. Coia was influenced and controlled by organized crime. Much of this information was provided by credible law enforcement officials, including officials in the Justice Department and the FBI.

In 1994, the Justice Department, with the assistance of the Department of Labor and the FBI, prepared a 212-page civil racketeering complaint which it intended to file against LIUNA. In the complaint, DOJ asserts that the action was brought against LIUNA and others for the following reasons:

...to rid the union of domination and influence by members and associates of organized crime. LIUNA has been infiltrated at all levels by corrupt individuals and organized crime figures who have exploited their control and influence over the union for personal gain and to the detriment of the union and its members. LIUNA union officials and employees at all levels, including the general presidency, have been chosen, subject to the approval of, and have been controlled by, various members and associates of organized crime.⁶

⁶See Exhibit 1 -- Excerpts from Draft Civil RICO Complaint at 1.

That same complaint identifies individuals who were both members of LIUNA and of LCN.

With regard to Mr. Coia, the complaint includes the following allegations:

- Mr. Coia has "associated with, and been controlled and influenced by, organized crime figures;"⁷
- Mr. Coia was associating with members of the New England La Cosa Nostra for a substantial period of time. Mr. Coia was a defendant in a case involving a scam whereby they would loot the health and welfare benefit funds in 1980. The case was dismissed because the statute of limitations had run;⁸
- Mr. Coia and his father received kickbacks for three years from Joseph Hauser and Farmer's National Life Insurance Co. with the intent to influence their actions concerning the Rhode Island Laborers' District Counsel Health and Welfare Fund and the Rhode Island Laborers' Heavy and Highway Health and Welfare Benefit Fund for the purchase of group life insurance. They shared their kickbacks with Raymond Patriarca, the head of the New England Crime Family;⁹ and
- Mr. Coia and others attempted to induce upstate locals to surrender control of their education

⁷Ibid.

⁸Ibid. at 32-33.

⁹Ibid. at 108-109.

and training funds. Mr. Coia and others were conspiring to obtain property under false pretenses.¹⁰

Along with the complaint, the testimony of long-term civil servants from the Department of Justice and the FBI, the same people whose credibility LIUNA now relies upon in defense of its settlement with the government, raised serious allegations against Arthur Coia. Michael Ross, a supervisory agent at the FBI, advised the White House in an October, 1994, memorandum that "Coia is a criminal associate of the New England Patriarca organized crime family."¹¹ Explaining his characterization of Mr. Coia in the memorandum to the Subcommittee, Mr. Ross stated that Mr. Coia "is a person we feel has, through their past associations, shown a nexus and an affiliation with the LCN, and that's why we classified him as an LCN associate." When asked if he still stands by this characterization, Mr. Ross said that he did.

A similar characterization was offered by Mr. Moody. He stated that in his opinion Mr. Coia could not have become president of LIUNA without LCN approval. Finally, Paul Coffey, the head of the Organized Crime and Racketeering Section (OCRS) at DOJ and the lead prosecutor in the LIUNA case, said in a 1994 memorandum that Mr. Coia was a "mob puppet."¹² Indeed, federal law enforcement officials felt so strongly about Mr. Coia's mob connections that the draft complaint's

¹⁰Ibid. at 152-155.

¹¹See Exhibit 2.

¹²See Exhibit 3.

demand for relief included a request that various named defendants, including Arthur Coia, be enjoined:

...from participating in, or having any future dealings of any nature whatsoever with any officer, agent, representative or employee of LIUNA or any other labor organization about any matter which related directly or indirectly, to the affairs of LIUNA or any other labor organization, and from owning or operating any business which employee members of LIUNA or any of its subordinate bodies in the Northern District of Illinois or elsewhere.¹³

In addition to the extensive allegations against Mr. Coia in the complaint, which was supported by thousands of documents, and the testimony of law enforcement officials, the Subcommittee also received testimony from a former LIUNA member and business manager of LIUNA Local 210. Ronald Fino testified at length during the hearing regarding the mob, its influence upon LIUNA members, and Mr. Coia's relationship with organized crime.

Mr. Fino, the son of a mob associate and a highly regarded DOJ informant, painted a grim picture of the negative impact that organized crime has upon members of organized labor. He discussed the "new look" of mob associates and his personal relationship and experiences with Mr. Coia. Mr. Fino noted, "Constituents, relatives, associates, and cronies of the mob would be and are

¹³Complaint Excerpts at 208.

always first in line when plush working assignments were and are handed out." As for organized crime's control of union leadership, Mr. Fino stated the following:

control and policy-making and the appointments throughout the infrastructure of the Laborers' International Union lay with the Cosa Nostra. You could not become a general president nor an international officer of LIUNA without mob approval. This doesn't mean that each and every official is aware of the heavy hand that dictates that official's each and every move.

With regard to the "new look" of the mob, Mr. Fino said the following:

Many creative members and associates of the Cosa Nostra are no longer adorned in the fedoras, and you will find that they are well-educated and take full advantage of that education and the moneys that they have accumulated. Today you will find that the mob is as reliant on the public relations firms as it is with its high-powered attorneys and accountants. Projecting an image of goodness and popping up at charitable fund-raising functions, combined with a voice for social justice, the racketeer builds a formidable defense against prosecution by the Justice Department and prosecution.

Mr. Fino described for the Subcommittee, under oath, his first-hand, personal and frequent contact with Mr. Coia. Estimating that he saw Mr. Coia 25-30 times annually, Mr. Fino talked of dinners, golf games and other business and social functions that he attended with Mr. Coia during the 1980s.

One conversation between Mr. Fino and Mr. Coia occurred at a time when Mr. Fino was considering running for the position of international vice-president. Because of this interest, Mr. Fino decided to speak to his friend and influential member of LIUNA's General Executive Board, Arthur Coia. Mr. Fino recounted discussing with Mr. Coia the need for mob approval of Mr. Fino's appointment to the Board. In particular, Mr. Fino said that he and Mr. Coia discussed Joseph Todaro, Sr., the boss of the Buffalo LCN family, and John Riggi, the boss of the DeCalvacante faction of the Genovese family. At the conclusion of that conversation, Mr. Coia told Mr. Fino that he was to listen to whatever mob member Joe Todaro told him, relaying the fact that "you know as well as I do where those decisions are going to be made."

IV. The Administration's Enforcement Efforts Against LIUNA and Mr. Coia

A. The Complaint

To rid unions of mob influence over the past decade, DOJ has filed civil anti-racketeering complaints in federal court. These cases are brought under the "Racketeer Influenced and Corrupt Organizations Act," also known as RICO (18 U.S.C. 1961 et seq.). The purpose of this statute is to eliminate the infiltration of organized crime and racketeering from legitimate organizations operating in interstate commerce.

There are five elements necessary to establish a RICO violation under 18 U.S.C. 1962. These elements are the following:

- any person;
- who conspires to or invests in, acquires or maintains an interest in, or conducts or participates in the affairs of;
- an enterprise;
- which engages in, or whose activities affect interstate or foreign commerce;
- through the collection of an unlawful debt, or patterned commission of various state and federal crimes.

It was pursuant to this statute that the Justice Department, with the assistance of the Department of Labor and the FBI, drafted a 212-page complaint that named as defendants, LIUNA and, among others, Arthur Coia, its General President. This complaint, according to Mr. Coffey, took about three years to complete and was based upon more than a million pages of documentation. In 19 similar complaints filed by DOJ over the past decade, DOJ has never lost.

The Department intended to file the complaint in the Northern District of Illinois. But on November 4, 1994, the Department provided a draft copy of the complaint to the union and its General President.

B. The Settlement and the Consent Decree

Shortly after receiving the draft complaint on November 4, Robert Luskin was hired by LIUNA to represent the union in its dealings with the Justice Department. Mr. Luskin was and still is a partner in the law firm of Comey, Boyd & Luskin, and formerly held the position of Special Counsel to the Organized Crime and Racketeering Section at DOJ.

After recognizing that there was a potential conflict of interest between Mr. Coia, among others, and LIUNA, Mr. Luskin recommended that private counsel be retained by certain named defendants. In response to this recommendation, Mr. Coia hired Brendan Sullivan, Jr., and Howard Gutman, both of the D.C. law firm of Williams & Connolly.

Between November 1994 and February 1995, LIUNA and Mr. Coia, represented by their counsels, and DOJ engaged in negotiations in pursuit of a settlement of the case. Despite the extensive documentation of the allegations in the complaint and the Department's perfect track record in RICO cases, Mr. Coffey and his colleagues persisted in the quest for a negotiated resolution. Mr. Coffey testified that he received no pressure from anyone within the Administration to continue to negotiate. Rather, he asserts that his willingness to negotiate rested in the potential weaknesses of the government's case, which could have spelled trouble if DOJ went to court, and the continual concessions being offered by LIUNA and Mr. Coia to avoid the filing of the RICO complaint.

At the end of this three month period, a novel settlement agreement was executed. The core of the agreement required LIUNA to sign a consent decree, which DOJ could file in court along with the complaint and which includes LIUNA's acquiescence to the appointment of an independent monitor. The agreement also requires LIUNA to maintain a self-sustaining, self-policing internal structure to rid itself of mob influence, under the watchful eye of DOJ, DOL and the FBI. Although never spoken, the settlement did not require the removal of Mr. Coia, despite the allegations of wrongdoing against him in the draft complaint.¹⁴

The self-policing structure established by LIUNA consists of an Inspector General who investigates allegations of wrongdoing, a General Executive Board (GEB) Attorney who serves as prosecutor, a Hearings Officer who serves as judge, and an appellate officer. The Inspector General

¹⁴See Exhibit 4.

is a retired senior FBI official. Mr. Luskin, who negotiated the settlement on behalf of LIUNA, continues to serve in the position as GEB Attorney, and the Hearing Officer is a former U.S. Attorney. Each of these individuals was chosen by the union and approved by DOJ.

The consent decree executed as part of the settlement agreement permits the Justice Department to impose, through the court, an independent monitor if the Department is not satisfied with the internal actions of LIUNA in ridding itself of mob influence and control. This option was described by Mr. Coffey at the Subcommittee's hearing as a "hammer" because the Justice Department is poised to strike whenever it concludes that LIUNA's reform efforts are inadequate.

However, during the Subcommittee's investigation, another perspective on the significance of the consent decree and the ability of the Department to swing the hammer was identified. According to Mr. Gutman, Mr. Coia's personal attorney, Mr. Coffey once stated to him that no one issue would ever be the basis for filing the consent decree (i.e., swinging the hammer). This was interpreted by LIUNA and Mr. Coia's attorneys to mean that no one disagreement between LIUNA and DOJ would cause the government to impose the consent decree and force a court-appointed monitor take control of the union.

Sometime after this statement was made, DOJ and LIUNA disagreed vehemently with regard to the progress being made by the union in the area of election reform. LIUNA did not want to agree

to the election of officers by all union members – one person, one vote. This disagreement occurred after LIUNA had implemented other reforms, employed a staff to conduct internal investigative activities, and adopted new ethics and disciplinary procedures.

According to Mr. Gutman, when Mr. Coffey threatened to file the consent decree in court, thereby taking over the union, he and LIUNA determined that the Department was not acting in good faith. Moreover, filing the consent decree would be inconsistent with Mr. Coffey's earlier statement about the significance of any one issue of disagreement. As a result, Mr. Gutman told Subcommittee investigators that he prepared the legal documents necessary to enjoin the government from imposing the consent decree. In particular, Mr. Gutman told Subcommittee investigators that he prepared a breach of contract complaint asserting detrimental reliance on the Department's good faith.

Ultimately, LIUNA and DOJ settled their differences on the election issue. Nevertheless, the experience reveals a potentially serious problem for the United States in this new approach to combating organized crime's control of labor unions.

Another troubling feature of the settlement agreement is that the Inspector General and GEB Attorney have the responsibility of investigating wrongdoing by Mr. Coia. While the Subcommittee was consistently informed by current and former law enforcement officials that the Inspector General and GEB Attorney are held in high regard for their professionalism and integrity, there nevertheless

exists an apparent conflict of interest. LIUNA has gone to great expense in publicizing its self-policing efforts and the reform-minded leadership of Mr. Coia. The vigor of the internal watchdogs' pursuit of Mr. Coia must remain as a concern, particularly when those who pay their salaries are committed to the improvement of Mr. Coia's image.

V. The White House and Mr. Coia

Mr. Coia was granted the position of General President of LIUNA on March 11, 1993. Shortly thereafter, a strong professional and personal relationship steadily developed among President Clinton, the First Lady and Mr. Coia. Yet this relationship grew in the midst of an escalating federal organized crime investigation of Mr. Coia and LIUNA.

A striking example of the overlapping nature of Mr. Coia's relationship with the President and the civil RICO case against him is found in the events of November 4, 1994. On the same day that the Justice Department sent the RICO complaint to Mr. Coia, the President sent him his own handwritten correspondence:

Dear Arthur -- I just heard you've become a grandfather -- Congratulations!

Thanks for the gorgeous driver -- It's a work of art. Best, Bill¹⁵

Most disturbing, this relationship flourished at a time when the White House received repeated warnings and notifications by law enforcement officials of Mr. Coia's alleged ties to organized crime.

¹⁵See Exhibit 5.

A. Warnings to the White House Concerning Mr. Coia**1. Early Warnings**

Throughout the late 1980s and early 1990s, it was common knowledge within law enforcement and organized labor circles that LIUNA had been targeted by federal organized crime investigators. As stated above, the Justice Department, following on the heels of the PCOC, had set its sights on LIUNA as far back as 1986. Former FBI Director William Sessions publicly declared the Bureau's intentions to root out mob influence from the major labor unions. Moreover, numerous news reports chronicled the connections between organized crime and LIUNA. For example, on October 21, 1993, the Chicago Tribune reported that DOJ was preparing legal action to purge LIUNA of mob influence. That same article identified a number of individuals who were affiliated with LIUNA as well as organized crime.¹⁶

2. The "Mob Puppet" Memorandum

Shortly before January 11, 1994, an employee of the Office of the Inspector General at DOL contacted Paul Coffey. He had been advised that the First Lady was considering whether to accept an invitation to speak at LIUNA's annual Tri-Fund Conference to be held in Florida the following month. After receiving this information, Mr. Coffey prepared a memorandum addressed to his

¹⁶See Exhibit 6.

immediate supervisor, John Keeney, the Deputy Assistant Attorney General of the Criminal Division at DOJ.

In this memorandum, Mr. Coffey notes that in February 1994, OCRS intended to recommend that a civil racketeering case be filed against LIUNA, including its General President, Arthur Coia. Mr. Coffey states, "It might be prudent to recommend that she (the First Lady) avoid any direct contact with Coia, if possible, inasmuch as we plan to portray him as a mob puppet."¹⁷

This memorandum was not provided to the White House because it was DOJ's understanding that Mrs. Clinton's staff had already been alerted by DOL that some of the conference attendees would be defendants in an upcoming DOJ anti-racketeering case. The First Lady subsequently declined Mr. Coia's invitation to speak at the 1994 Tri-Fund Conference, however she did appear at the 1995 conference with Mr. Coia (which is discussed below).

3. The FBI Background Check and Related Warnings to the White House

On September 15, 1994, the White House Counsel's Office contacted the FBI and requested that a name check be conducted on Mr. Coia.¹⁸ The catalyst for the name check request was that Mr.

¹⁷See Exhibit 3.

¹⁸See Exhibit 7.

Coia was being considered by the White House for a position on the prestigious President's Council on Competitiveness.

In early October, Mr. Coffey was advised by the FBI of the White House's request. This resulted in Mr. Coffey drafting another memorandum. This memorandum addresses the possible appointment of Mr. Coia to the President's Council on Competitiveness, and in it Mr. Coffey states, "The Criminal Division has long had information from cooperating witnesses, that Coia was associated with and controlled by the New England family of LCN."¹⁹

This memorandum was addressed to Attorney General Janet Reno and Deputy Attorney General Jamie Gorelick, from Jo Ann Harris, the former Assistant Attorney General in charge of DOJ's Criminal Division. Surprisingly, this memorandum was never provided to Attorney General Reno or Ms. Gorelick, but was provided to another member of DOJ staff, David Margolis, Associate Deputy Attorney General. On or about October 6, 1994, Mr. Margolis contacted the White House Counsel's Office by telephone and expressed DOJ's concern with Mr. Coia's appointment in light of the on-going and intensive investigation into Mr. Coia's alleged mob connections. In fact, based upon information provided by the White House, Mr. Margolis, over a period of months, contacted the White House Counsel's office from time-to-time to ensure that Mr. Coia did not receive the appointment to the President's Commission on Competitiveness because of his alleged mob ties.

¹⁹See Exhibit 8.

On October 7, 1994, the FBI responded to the White House Counsel's September 15, 1994, inquiry. This response states, in pertinent part, "Coia is a criminal associate of the New England Patriarca organized crime family."²⁰

Former White House Counsel Abner Mikva, who was in office for just one month prior to the White House's receipt of the FBI's response, told the Subcommittee that he does not know what happened to this communication after it was received by the White House.

4. The Second Tri-Fund Conference

Based upon interviews with Judge Mikva and Deputy Chief of Staff Harold Ickes, the White House on yet another occasion became aware of concerns surrounding Mr. Coia. Mr. Ickes contacted Judge Mikva regarding the First Lady's anticipated appearance at LIUNA's 1995 Tri-Fund Conference. In response to Mr. Ickes' inquiry, Judge Mikva spoke to Ms. Gorelick. According to Judge Mikva, Ms. Gorelick noted that DOJ had several concerns about Mr. Coia which he subsequently passed on to Mr. Ickes. It has been reported that Judge Mikva advised Mr. Ickes that the First Lady should avoid one-on-one contacts with Mr. Coia.

Mr. Ickes did not recall advising the First Lady of any of the concerns expressed by the Deputy Attorney General with regard to Mrs. Clinton's anticipated appearance with Mr. Coia at the

²⁰See Exhibit 2.

Tri-Fund Conference in Florida. It should be noted, however, that press accounts indicate that Mr. Ickes advised the First Lady of the concerns surrounding Mr. Coia and his alleged ties to organized crime.²¹

Whether Mr. Ickes advised the First Lady of the concerns expressed to him by White House Counsel Mikva regarding her appearance at the Tri-Fund Conference is not clear. What is clear, however, is that the First Lady's speech writer appears to have been briefed. At the top of the page of her preparation notes for Mrs. Clinton's Tri-Fund remarks are the words, "They are mob."²²

B. Mr. Coia's Relationship with the President, First Lady and the Democratic Party

If DOJ and DOL warnings to the White House were intended to discourage conduct which would appear to conflict with the Federal Government's anti-racketeering efforts, then they certainly failed to achieve their purpose. The Subcommittee's review of documents provided by the Administration has turned up over 120 transactions within a three-year period of time between the White House and Mr. Coia.²³ In addition, the Democratic National Committee accepted financial contributions from Mr. Coia during this period of time amounting to at least \$280,000.

²¹See Exhibit 9.

²²See Exhibit 10.

²³See Exhibit 11.

The contacts between the White House and Mr. Coia range in nature from rather innocuous official correspondence to personal gifts, including an autographed basketball, golf balls, a golf hat, a golf shirt, a golf club from the President to Mr. Coia, and a custom made golf club from Mr. Coia to the President. Also included in the list are numerous personal notes between the President and Mr. Coia, and White House invitations relating to breakfasts, dinners, special events, and flights aboard Air Force One.

One example of how law enforcement warnings went unheeded can be found in the events of October, 1994. In the first week of that month, as noted above, a senior Justice Department official had informed White House officials of the connection between Mr. Coia and organized crime, and the FBI had sent a memorandum to the White House Counsel's office informing it that Mr. Coia was "a criminal associate of the New England Patriarca organized crime family." Nevertheless, on October 21, 1994, President Clinton wrote to Mr Coia the following:

Dear Arthur: Thanks for the great golf shirt and the copy of your article in Northeast Golfer. I am also sorry that we did not have the chance to play golf together this season. You might have helped me break 80. Your thoughtfulness and continued support mean a lot to me. Please give my best to Joanne. Sincerely, Bill Clinton²⁴

²⁴See Exhibit 12.

Mr. Coia's relationship with the Democratic National Committee (DNC) presents the same story of conflicting appearances and impropriety. This is demonstrated vividly by reviewing several exchanges of correspondence.

After the White House was advised of the serious concerns held by DOJ, DOL, and the FBI regarding Mr. Coia's relationship with organized crime, the DNC continued to demonstrate a close and friendly relationship with Mr. Coia. For example, Donald Fowler, Chairman of the DNC, sent to Mr. Coia a tie bar with the Presidential seal on it. Included was a hand-written note in which Mr. Fowler thanked Mr. Coia for his help and his "friendship."²⁵ Shortly thereafter, Mr. Fowler again sent a hand-written note to Mr. Coia thanking him for a pen that was given to him by Mr. Coia as a gift.²⁶ Sometime later, Mr. Fowler again contacted Mr. Coia through another hand-written note. In that note, the Chairman of the DNC thanked Mr. Coia for a tie and for a contribution that Mr. Coia had made. In particular Mr. Fowler said:

Thank you for the tie. I appreciate it, and appreciate your friendship even more. Our conversation on Sunday was good. Thank you for your contribution. We will keep in mind the items that we discussed: President

²⁵See Exhibit 13.

²⁶See Exhibit 14.

Clinton attending your convention, your role in the '96 Convention, follow up with other union presidents, etc. We will stay in touch. Dan.²⁷

On November 19, 1995, Mr. Fowler wrote to Mr. Ickes at the White House. In that handwritten note, Mr. Fowler advises Mr. Ickes, "Arthur Coia, President of Laborers' International Union, would like a speaking role at the '96 convention. He has been a very good supporter of the President and the Democrat party. Dan"²⁸

²⁷See Exhibit 15.

²⁸See Exhibit 16.

VI. Conclusion

There are those who are quick to dismiss the Subcommittee's review of the Administration's conduct in the LIUNA matter as election-year politics and pay back for the Washington union boss' campaign against Republicans in Congress. Such views may be politically convenient, but they ignore a central truth: the impartial administration of justice is ill-served when targets of investigations by the executive branch regularly and publicly associate with the most senior officials within the same branch of government.

Why is it that Justice Department career officials were concerned about White House associations with Mr. Coia? The answer is obvious. They were deeply troubled by the appearance of such associations because of their effect on the public's confidence in the impartial administration of justice. The considerable experience of these officials had taught them that a storm of controversy could erupt if federal law enforcement was perceived to be serving political interests.

And indeed, that is exactly what happened. After DOJ and LIUNA reached a settlement in the case, suspicions soon emerged that Mr. Coia's extraordinary political connections had paid off. These suspicions cast a shadow of impropriety over hard-working public servants at DOJ -- the very result these prosecutors had tried to avoid with their warnings to the White House.

Much has been said about Arthur Coia's associations with organized crime. Mr. Coia fervently denies such claims. Mr. Coffey at DOJ insists that the allegations in the complaint are valid but "the jury is still out" on whether Mr. Coia is still associated with the mob. Yet putting aside concerns about the outcome of ongoing criminal investigations or the ultimate success of LIUNA's self-policing efforts, White House officials acted irresponsibly in not being sensitive to the appearance of a conflict of interest.

Moreover, this appearance of a conflict continues to this day. According to testimony at the Subcommittee's hearing, Mr. Coia is still under investigation by both the Justice Department and the LIUNA enforcement team. If DOJ files the consent decree or if criminal charges are brought against Mr. Coia, then the case against LIUNA and Mr. Coia, the President's friend, will become much more visible to the American public. How then can it be appropriate for the President and Mr. Coia to be such high profile political allies? And does this high profile political alliance make it more difficult for the Department to file the consent decree?

To date, the Subcommittee has not received any indication from any political official in the Administration that there is a concern about the appearance of impropriety outlined in this report. Until that happens and, more importantly, until steps are taken to eliminate this serious problem, the interests of justice will continue to suffer.

DISSENTING VIEWS OF**Hon. Charles E. Schumer****Hon. Robert C. Scott****Hon. Zoe Lofgren****Hon. Sheila Jackson Lee****Hon. Melvin L. Watt****Hon. John Conyers, Jr.****I. INTRODUCTION**

These hearings, as described by the hearing title, were concerned with the Clinton Administration's efforts against the influence of organized crime in the Laborers." According to every one of the Majority's witnesses, the Clinton Administration's efforts were a success, particularly the ongoing efforts to rid the Laborers' International Union, N.A. ("Laborers") of mob influence following the unprecedented settlement agreement the Department of Justice ("Justice") signed with the Laborers in February 1995.¹ Even the Majority's Report concedes the settlement has "produced positive results."²

This congressional investigation began in March 1996 when the Majority claimed that the Clinton Administration improperly influenced career prosecutors at Justice to settle the civil

¹ See notes 92-111, *infra*, and accompanying text.

² See A Report, "The Administration's Efforts Against the Influence of Organized Crime in the laborers' International Union of North America," Subcommittee on Crime, Committee on the Judiciary, U.S. House of Representatives, 104th Cong., 2d Session, at p. 4 (hereinafter referred to as the "Majority Report").

racketeering law suit involving the Laborers.³ Yet, the Majority's Report now admits there is no direct evidence of "improper influence."⁴

The investigation began with the unfounded charge of "improper influence."⁵ Indeed, there are a series of memos and reports by the Republican Leadership repeating these charges against the Administration.

The Majority announced the investigation in a presidential election year soon after the unions committed themselves to an informational campaign against some Republican congressional candidates.⁶ At this time, the Judiciary Chair said, "If Organized Labor launches a \$35 million campaign against you, you're not going to lay down and play dead."⁷

In an attempt to find some evidence to back up the unfounded charges, the Majority circulated a memo directing Republican congressional staff to collect derogatory information on the Clinton Administration and the unions.⁸ Despite their efforts, they found no evidence to support their charge of "improper influence."

³ See notes 14-23, *infra*, and accompanying text.

⁴ See note 14, *infra*, and accompanying text.

⁵ See notes 14-23, *infra*, and accompanying text.

⁶ See notes 25-26, *infra*, and accompanying text.

⁷ See note 26, *infra*, and accompanying text.

⁸ See note 17, *infra*, and accompanying text.

The Majority's expressed preference for a government takeover of the Laborers in this case was the rationale for opposing the civil RICO settlement that, in the Majority's words, "turned the mob-busting mission over to the union itself;" but the Speaker and Judiciary Chair earlier opposed any government takeovers of unions as "inherently destructive."⁹

When the Majority called an insider witness, Ron Fino, to testify, they said he was "as knowledgeable a witness about [the Laborers] as there is."¹⁰ But the Majority preferred to limit what Fino had to say to matters involving the Clinton Administration and did not want to hear or credit what Fino alleged about questionable associates of Republican Vice Presidential Candidate Jack Kemp.

And when the Majority Report found no direct evidence of wrongdoing by the Administration, it turned to the specter of "appearances" to justify its "investigation."¹¹ The Majority's discussion of "appearances" was not particularly rigorous. It consisted of general observations on "associations," never precisely defined, that involved the President and, seemingly, any individual under investigation. The Majority's position careened perilously close to guilt by association. The Majority invoked as its ethical standard the findings of a Crime Commission Report that was critical of "the propriety" of conduct in Reagan's Administration, and the Majority quoted a passage from that report out of context, to criticize the Clinton Administration's handling

⁹ See Majority Report, at 6; see note 27, *infra*, and accompanying text.

¹⁰ See notes 28-34, *infra*, and accompanying text.

¹¹ See notes 35-75, *infra*, and accompanying text.

of the Laborers' case. The Majority overlooked the distinction, however, that was critical to that Commission's recommendation. Whereas the Reagan Administration did nothing to prosecute the Teamsters, the Clinton Administration took action against the Laborers. By the Majority's overbroad "associational" standard against anyone "under investigation," as former White House Counsel Abner Mikva (Counsel Mikva) observed, the President shouldn't even have meetings with the Speaker of the House while he is under investigation.

To paraphrase Counsel Mikva, the evidence is clear: nothing the President did, and nothing that anybody in the official family did, could in any way be construed by anybody in Justice as pressure to do, or not do something.¹² By this standard, not only did the Clinton Administration not in fact influence anyone, the Clinton Administration did not do anything that could even be construed as influencing anyone.

We have also set forth below in a separate section some background of what happened in earlier Administrations to set the stage for what happened in this Administration and why settlement discussions made sense, how they proceeded, and a brief review of the results already achieved.¹³

¹² See notes 40-44, *infra*, and accompanying text.

¹³ See notes 76-111, *infra*, and accompanying text.

II. THE INVESTIGATION

A. THE MOTIVATION FOR THIS CONGRESSIONAL INVESTIGATION WAS UNNECESSARILY PARTISAN

1. The Majority Never Had Any Evidence To Support The Unfounded Charge of "Improper Influence" That Began This Investigation

At the end of the day, the Majority conceded in its Report that there was no evidence of the charge, "improper influence," that began the investigation. "[T]he facts [the Majority] gathered to date do not reveal a direct connection,"¹⁴ the Report said.

However, as early as March 28, 1996, and without regard for the reputations of the career prosecutors involved, the Chair of the House Republican Conference said that "[President] Clinton[s] appointees" improperly influenced career prosecutors at the Department of Justice to settle a civil racketeering law suit against the Laborers.¹⁵ And he repeated this unfounded charge afterwards.¹⁶

¹⁴ See Majority Report.

¹⁵ Republican Rep. John Boehner, Chairman, House Republican Conference, wrote his Republican Colleagues on March 28, 1996 that he was disturbed by "the action by Clinton appointees in the Justice Department to quash the efforts by Justice Department career prosecutors to clean up Coia's union ..."

¹⁶ For example, on April 2, 1996, the House Republican Conference Chair issued a "report," titled, "Washington Union Bosses: A Look Behind the Rhetoric," claiming the "Washington Union

In an effort to find some evidence, the Majority circulated a memo to Republican House Staff insisting they search after any information they could find on waste, fraud, abuse and influence involving the Clinton Administration and the unions.¹⁷

When the congressional "investigation" got under way, the Majority Staff interviewed present and past White House counsel, the White House Deputy Chief of Staff, all the key career prosecutors involved in the Laborers' investigation, key F.B.I. supervisory agents, and counsel for the Laborers and for the Laborers' President. The Majority's staff requested documents that finally totaled 20,000 pages from the White House, Justice, various agencies, and the Laborers themselves. The fifty or more interviews conducted by the Majority Staff and the 20,000 pages collected by the Majority produced no proof that any person, directly or indirectly, improperly influenced anyone. What the Majority found instead was proof there had been no influence.

Bosses" were "winning favor with the Clinton Administration to block Justice Department investigations into union boss corruption." More specifically, the Chair alleged that "Arthur Coia, President of the Laborers International Union of North America, recently received a 'sweetheart' deal from the Clinton DOJ [Department of Justice] in the face of a 212 page racketeering complaint." See House Republican Conference, Rep. Boehner Report, dated April 2, 1996, at pp. 12 - 13.

¹⁷ The Republican House leadership asked House Staff "to cull all [congressional] committees for information" on three topics: (1) "waste, fraud and abuse in the Clinton Administration," (2) influence of Washington Labor Union Bosses/Corruption," and (3) "examples of dishonesty or ethical lapses in the Clinton Administration." See Reps. Walker and Nussle Memorandum, dated April 23, 1996, addressed to all Committee and Subcommittee Chairmen, asking them to "have your staff review pertinent GAO Reports, Inspector General reports or committee investigative materials or newspaper articles for departments and agencies within your jurisdiction that expose anecdotes that amplify these areas."

Ms. Jo Ann Harris, formerly the Assistant Attorney General for the Criminal Division, is the only Clinton appointee who could possibly have "influenced" any career prosecutors. It was after a meeting in her office that the disputed settlement with the Laborers occurred.¹⁸

Ms. Harris testified that she was not in a position to "influence" any career prosecutors as she was the one who "followed" their recommendation and Ms. Harris further reassured the members that no person at the White House, nor at Justice, nor anyone from anyplace else had even tried to influence her.¹⁹

¹⁸ The Majority briefly discusses the settlement in the most conclusory and derogatory terms (see Majority Report), disregarding the context of the settlement, the reasons justifying the settlement, and the results achieved by the settlement. As these elements received such short shrift in the Majority's Report they are discussed in some detail below. See notes 76-111, *infra*, and accompanying text.

¹⁹ Assistant Attorney General Jo Ann Harris was the only presidential appointee involved in the decision to settle, rather than prosecute, the Laborers. The Republican Leadership's remarks were thus directed at her, though she was unnamed. Her following remarks on this settlement, the four points she made on the second day of the congressional hearing, concisely and eloquently dispose of this question of direct (or indirect) influence:

"First, the resolution of the LIUNA [Laborers'] matter involved the approval by me [Asst. AG Harris] of a recommendation made by career prosecutors in the criminal division. I followed the advice of the seasoned lawyers who were assigned to the case. The recommendation to enter into the settlement was made to me by Mr. Paul Coffey, Chief of the Organized Crime and Racketeering Section, and Mr. Jack Keeney, then Deputy Assistant Attorney General in the Criminal Division -- two career prosecutors with a combined total of over 70 years of experience at the Department of Justice.

"I considered their advice to be sound at the time, and I consider it sound today. I did not direct, influence or attempt to influence the career attorneys in the Criminal Division to resolve the LIUNA [Laborers'] matter in any particular way. I always expected them to give me their best professional advice as to the appropriate disposition of matters that came to my attention, and the LIUNA case was treated no differently.

"Second, I had no contact with the White House before, during, or after my

The former F.B.I. Deputy Assistant Director for the Criminal Investigations Division, James E. Moody, responsible for racketeering investigations, dismissed the charge of "improper influence" as frivolous since he'd been present during the settlement negotiations, and knew Justice's principal negotiator for twenty years, trusted him and trusted the independence of all the other public servants involved in the negotiations.²⁰ Moody testified the enforcement agreement was "different but it was not a sweetheart deal."²¹ If he believed for a moment it was a "sweetheart deal," Moody said he would have blown the whistle on the enforcement agreement.²² Despite this testimony, the Majority claimed in its Report that "a shadow of impropriety" hung over these distinguished career prosecutors.²³

tenure as Assistant Attorney General regarding Arthur Coia, LIUNA [Laborers], the decision to initiate a civil RICO [prosecution] against LIUNA, or the decision to settle the case. No one from the White House attempted to influence me in any way with respect to LIUNA.

"Third, neither the Attorney General, the Deputy Attorney General, nor anyone from their staffs, ever directed or attempted to influence in any manner the outcome of the LIUNA matter.

"Finally, I did not feel any pressure from anyone to resolve the LIUNA [Laborers'] matter in any particular way. Matters such as purported political connections played no part in my actions in this case, and have never influenced my decision in any case." See Hearing Tr., July 25, 1996, at 111.

²⁰ See Hearing Tr., July 24, 1996, at pp. 60-61.

²¹ See Hearing Tr., July 24, 1996, at p. 60.

²² Id.

²³ See Majority Report.

participants in the democratic process, establishes a precedent which strikes at the very foundation of our democracy.²⁷

5. The Majority Accepted Ron Fino's Testimony Concerning the Clinton Administration But Ignored His Accusations Concerning Jack Kemp

The Majority's principal witness, Mr. Ron Fino, testified about Coia's alleged associations with organized crime, but knew nothing about Mr. Coia's leadership since Fino had left the Laborers before Coia became the International's President. Fino's allegations about Coia were otherwise uncorroborated by any other witness, document, wire or recording device. Since about the late 1980's, Mr. Fino's workaday life has been spent, and all his income apparently derived from what he had to say about "wise guys." When the FBI cut off Mr. Fino's stipend, he sold a story to that supermarket tabloid, the *Globe*, alleging O.J. Simpson "had drug links to [the] mob," according to the headline emblazoned across the tabloid's front cover.

The Majority lionized Fino. Rep. Fred Heineman called Fino "a gutsy guy."²⁸ Rep. Ed. Bryant praised Fino for "hav[ing] consistently provided what I believe to be accurate information to the F.B.I. in regard to the union and mob activities."²⁹ The Crime Subcommittee Chair told Fino

²⁷ See Letter of Messrs. Gingrich, Hyde and others to Attorney General Meese, dated December 10, 1987.

²⁸ See Hearing Tr., July 24, 1996, at p. 95.

²⁹ See Hearing Tr., July 24, 1996, at p. 99.

he was "probably about as forceful and as ... knowledgeable a witness about Laborers' International Union and Racketeering as there is -- period -- anywhere."³⁰

When it was rumored that the Republican Leadership planned additional hearings, Minority Staff contacted Fino. In those conversations, Fino alleged that former Rep. Jack Kemp associated with mob associates.³¹

On September 18, 1996, Rep. John Conyers (D-MI), Ranking Minority Member of the Judiciary Committee, wrote the Chair to ask "out of a sense of evenhandedness and fair play" for approval for Fino to travel to Washington, D.C. so Fino might be deposed by Judiciary Committee

³⁰ See Hearing Tr., July 24, 1996, at p. 107.

³¹ Fino confided that members of Buffalo's organized crime family headed by Joseph Todaro forced Laborers' Local 210 to endorse then Rep. Jack Kemp (R.-N.Y.) over Democratic Councilman, James Keane. Fino said that members of the Local had already voted to endorse Keane, the Democrat, but "made" members of the Todaro crime family "found out about it and really put me to the wall." According to Fino, one top union leader asked, "Who the ... do you think you are?" Fino reportedly replied, "It's the way the members voted. It's their union." In response Fino was reportedly told, "Ronnie [Fino]... [r]emember one thing, it's not their union." See Michael Beebe, "Ex-Local 210 official who aided probe sees vindication in deal to reform union," *Buffalo News*, February 19, 1995.

Fino alleged that Republican Vice-Presidential Kemp associated with mob associates and officials within the Laborers, who prior to the consent agreement, were involved in illegal activities. More specifically, this Republican-called witness alleged that Secretary Kemp claimed to have personal knowledge that certain named individuals were involved with organized crime, that alleged associates of organized crime contributed to Secretary Kemp's political campaigns, and that such persons benefitted from federal grants and contracts as a result of Secretary Kemp's efforts on their behalf. Further this Republican-called witness alleged that an allegedly prominent and well known organized crime figure supported a fund-raising event for Secretary Kemp. A 1988 Congressional Hearing confirmed that one of Secretary Kemp's contributors was tied to Envirocare Management Corp., a corporation linked to firms with alleged organized crime connections in Buffalo and Kansas City.

Staff.³² Rep. Conyers explained that “the fact that such serious allegations are being made by a witness the Majority obviously consider[ed] so credible ... indicates to me that further inquiry into this matter is required.”³³

On September 23, 1996, *Time* Magazine reported Fino’s allegations against Kemp.³⁴ There followed several more news reports and, on September 25, 1996, when ABC Network TV asked Vice-Presidential Jack Kemp about Fino’s allegations, Kemp said he “welcome[d] anybody who would lay out any fact that would accuse me [Kemp] of any active crime or being tied to the mob.” Rep. Conyers said he “couldn’t agree more” but the Judiciary Chair did not grant Rep. Conyers’ request.

The Majority preferred to limit what Fino had to say to matters involving the Clinton Administration and did not wish to hear what Fino alleged about associates of then Republican Vice Presidential Candidate Jack Kemp.

³² See Rep. Conyers letter to Chairman Hyde, dated September 18, 1996, at p. 2.

³³ *Id.*

³⁴ See Viveca Novak, “Singing Another Tune,” *Time Magazine*, September 30, 1996, at p. 16.

B. THERE IS NO APPEARANCE OF IMPROPRIETY CONCERNING THE SETTLEMENT AGREEMENT BETWEEN JUSTICE AND THE LABORERS

Having failed to demonstrate there was evidence of any improper influence in reaching the settlement in the Laborers' case, the Majority insists instead its concern is the "appearance" of impropriety. But the Majority's suggested standard for "propriety" is overbroad and the related discussion about "propriety" is replete with undocumented assertions, factual inconsistencies, and false and misleading statements.

1. THE MAJORITY'S STANDARD IS OVERBROAD

First, consider the Majority's standard prohibiting any "association" that involves the President and, seemingly, any individual "under investigation." For the statement of this proposition, the Majority relies on a recommendation found in the Crime Commission Report³⁵ critical of the Reagan Administration's handling of the Teamsters Union.³⁶ The Majority's Report relies on the Commission's observation about "appearances" in the Reagan Administration to criticize the Clinton Administration's prosecution of the Laborers' case. But the Majority overlooks

³⁵ See Commission Report, *The Edge*, at p. 30.

³⁶ *Id.*

the distinction that was critical to the Commission: whereas the Reagan Administration did nothing to prosecute the Teamsters, the Clinton Administration acted against the Laborers.³⁷

In essence, the question the Majority posed in its Report was why the President and the First Lady associated with the Laborers' President, Arthur Coia. The Majority apparently does not consider Mr. Coia's representative capacity as the leader of 750,000 working men and women or his support of the President's policies as either good or sufficient cause for this association.

³⁷ The Majority's Report quotes the Commission's concern about "appearances" in the Reagan Administration. See Majority Report. But the Majority left a gaping hole, and inserted instead an ellipsis, concealing:

(1) why the Commission was concerned about "appearances" in the first place, namely, because the Reagan Administration had delayed the Teamsters' investigation (see underscored language below following [1]), and

(2) the Commission's admission that, notwithstanding these "appearances," the Commission had absolutely no proof the Reagan Administration had done anything improper (see underscored language following [2] below).

The Commission's complete statement on the subject of appearances was as follows:

"Even when there are no actual attempts to tamper with the prosecutorial process by using political power, certain political alliances and well-timed political contributions can create an appearance of impropriety. [1] In the current Administration, the long delays in reaching a resolution of a Department of Justice investigation concerning the IBT president Jack Presser have led to a similar concern -- whether Presser's support of the Administration in the 1980 and 1984 election campaigns influenced the conduct of the investigation. [2] Although the Commission did not conduct an investigation for any evidence of wrongdoing in the Presser investigations just described, it is convinced that the impact of such contacts can lead to an erosion of public confidence and dampen the desire to end racketeering. Organized crime is aware of this and purposefully seeks to cultivate and benefit from political influence" (the underlined material was left out in the Majority Report). See Commission Report, The Edge, at pp. 30-31.

The Majority apparently is of the view that it is inappropriate for President Clinton -- and presumably for any President -- to meet with any official or person while that official or person is "under investigation." Consider, by way of example, that Republican President George Bush met with the Laborers' President Angelo Fosco while he was under investigation.³⁸ The F.B.I. stated Fosco was an associate of and under the direct influence of the Chicago Crime Family founded by the infamous Al Capone. According to the Majority's apparent prohibition, President Bush's meeting with Fosco would be ill-advised and unethical and possibly illegal.

Similarly, Former Senator Robert Dole met with Teamster President Jackie Presser while Presser was under federal investigation when there was no question that Presser was "mobbed up."³⁹ Should Senator Dole have avoided contact with the Teamsters? Alternatively, as suggested by former Counsel Mikva,⁴⁰ does the Majority mean that President Clinton may not "associate" with Speaker Gingrich simply because the Speaker is "under investigation"?

As Counsel Mikva suggested, "appearances" are important as "[t]his Government operates on trust and wants people to believe in the Government which is why we do all the things we do."⁴⁰ But, while perception and appearances are "incredibly important," Counsel Mikva explained that a

³⁸ A photograph evidencing President Bush's "association" with Fosco was referred to as an exhibit during the first day of the congressional hearings. *See* Hearing Tr., July 24, 1996, at p. 5.

³⁹ A photograph evidencing former Senator Dole's "association" with Presser was referred to as an exhibit during the first day of the congressional hearings. *See* Hearing Tr., July 24, 1996, at p. 5.

⁴⁰ *See* Hearing Tr., July 25, 1996, at p. 194.

President could not restrict his meetings or "associations" to "altar boys and Sunday school choir[s] during [his] public career."⁴¹ Counsel Mikva commented that the problem with "perceptions" based on "appearances" is that you can't "control the problem that some people [for example,] looking at that picture of Mr. Bush with Jackie Presser [might] say, 'Aha, he [President Bush] was in the Teamsters' pocket.'"⁴² Mikva concluded, since we "can't control [some third party's] perception [w]e try to minimize it if we can."⁴³ Mikva then narrowed the question, testifying that the "ethical propriety" that this Subcommittee was legitimately concerned with, was "that nothing the President did and nothing that anybody in his official family did ... could in any way be construed by anybody in Justice as trying to put pressure on them [at Justice] to lay off."⁴⁴

2. THE MAJORITY'S ASSERTIONS ARE NOT SUPPORTED BY THE FACTS

Second, the Majority Report distorts the hearing record and asserts: (1) the President knew something he did not, (2) Justice went "easy" on the Laborers' President, Arthur Coia, (3) Coia was more involved with organized crime than Justice contends, and (4) union self-policing has never been previously considered.

⁴¹ See Hearing Tr., July 25, 1996, at p. 166.

⁴² See Hearing Tr., July 25, 1996, at p. 178.

⁴³ *Id.*

⁴⁴ See Hearing Tr., July 25, 1996, at p. 167.

- a. The President did not receive a "law enforcement warning" concerning Arthur Coia

The Majority charged there was a "law enforcement warning" about a criminal investigation of Arthur Coia and it "went unheeded" in October 1994.⁴⁵

The Majority contends a senior Justice Department official "informed White House officials of the [alleged] connection between Mr. Coia and organized crime" and "sent a memorandum to the White House Counsel's Office" with this same investigative information and "nevertheless" President Clinton sent Mr. Coia a thank you note for the golf shirt and a magazine article Coia had forwarded to the President.⁴⁶

In fact, the "warning" was not "unheeded" in the sense that the information requested by and provided to the White House was used for its intended purpose, a name check. Mr. Coia was under consideration for an unpaid position on the President's Council on Competitiveness. A name check was requested of the F.B.I. by one of those few people concerned with that review process. The paper work was directed to a clerk or intern in the White House Counsel's office.⁴⁷ Mr. Coia, for whatever reason, was not appointed.⁴⁸

⁴⁵ See Majority Report.

⁴⁶ *Id.*

⁴⁷ See Hearing Tr., July 25, 1996, at pp. 162-163.

⁴⁸ See Hearing Tr., July 25, 1996, at pp. 163, 179.

Moreover, the name check report came with a cautionary proviso, not to circulate it.⁴⁹ White House Counsel testified he did not see the report and did not inform the President of its content.⁵⁰ As a result, when the President penned his thank you note to Mr. Coia, thanking him for a shirt and a magazine, the President was completely unaware of the contents of the name check.⁵¹

b. The Justice Department Did Not Go "Easy" On Coia

The Majority concludes, as a result of the settlement, Laborers' President Coia "has escaped from the clutches of the Justice Department."⁵²

A review of the records indicates that this is not the case. First, Coia is subject to intense scrutiny. As a result of the consent agreement, Mr. Coia waived his Fifth Amendment right to

⁴⁹ The document, read into the record in part by the Crime Subcommittee Chair said, "Caution should be exercised in discussing information relating to this matter as any disclosure of the investigation could jeopardize the investigation." See Hearing Tr., July 25, 1996, at p. 162.

⁵⁰ See Hearing Tr., July 25, 1996, at pp. 161-163.

⁵¹ This is not the only presidential note that concerned the Majority. The President wrote another note thanking Mr. Coia for a golf club. The Majority thought it was significant that this happened on the same day the draft civil RICO complaint was forwarded to the Laborers. The Majority took the conjunction of these two events, the exchange of the note and the forwarding of the civil RICO complaint on the same day, as evidence that the relationship between the President and Mr. Coia was "flourish[ing]." See Majority Report. During the hearing, Rep. Melvin L. Watt wondered aloud how close the President and Mr. Coia were, "whether they were real good friends ... when he [the President] wrote him [Coia] a note thanking [him] for the driver and the Government served a complaint on him [Coia] on the same day -- [laughter] -- I had to conclude that they must have been ace buddies." See Hearing Tr., July 25, 1996, at p. 184. If anything, this shows the President had no idea what Justice had planned, nor did he interfere.

⁵² See Majority Report.

remain silent. FBI Racketeering Chief Moody testified he couldn't recall any Union President ever agreeing to do that.⁵³ This waiver is significant in that Coia is currently the subject of both an internal disciplinary investigation by the Laborers Inspector General, Doug Gow, and by Justice. Former FBI Chief Moody said he'd known Doug Gow for "twenty some years," from when Gow was number three in charge of the FBI, and swore "[Gow] will go right after you," and after Mr. Coia, if he has the evidence.⁵⁴ John Keeney, the Assistant Attorney General for the Criminal Division at Justice, said that Coia had earned no right to delay any investigation, nor any immunity from prosecution.⁵⁵

Second, Coia must free the union from the mob. Racketeering Section Chief Coffey said Coia had to get rid of the mob and if "he can't do it, doesn't want to do it, he's slow to do it, he's playing both sides of the street ... [then] sitting in the wings [waiting for him] is a court and a bunch of officers, court-appointed officers and the Government sitting [there] with all its powers."⁵⁶ Put most succinctly, Coffey said, "the mob goes or these officers [including Coia] go; it's one or the other."⁵⁷

⁵³ See Hearing Tr., July 24, 1996, at p. 67. See also Racketeering Section Chief Coffey's testimony, *id.*, p. 127.

⁵⁴ See Hearing Tr., July 24, 1996, at p. 162.

⁵⁵ See Hearing Tr., July 25, 1996, at p. 113.

⁵⁶ See Hearing Tr., July 25, 1996, at p. 123.

⁵⁷ See Hearing Tr., July 25, 1996, at p. 135.

c. Coia's "Associations" with Organized Crime Have Not Been Established

The Majority also repeatedly refers to Coia as a "mob puppet" based on a report written by Coffey in 1994.⁵⁸ The Majority failed, however, to note that by the time of the hearings in 1996, Mr. Coffey's view had changed. When asked at the hearing whether Coffey had called Coia a "mob puppet," Coffey responded, "I think that's what I said [but] ... the jury's out on whether he is today."⁵⁹

Coffey explained that "the interesting thing about Coia is that he's the first guy to come to the Government and [he] says, 'It ain't true [that I'm a mob puppet]' ... [and] 'I can prove it's not true' ..." by ridding the union of organized crime influence.⁶⁰ As for the contention that FBI Chief Moody said that's how Coia became President of the Laborers, with mob support,⁶¹ Moody testified that "in the past" that's how the leadership was selected⁶² but the mob's influence had "greatly

⁵⁸ See Majority Report (repeated references) and 31, and Exhibit 3.

⁵⁹ See Hearing Tr., July 25, 1996, at p. 125.

⁶⁰ See Hearing Tr., July 25, 1996, at p. 127.

⁶¹ See Majority Report.

⁶² See Hearing Tr., July 24, 1996, at p. 68.

lessened within the last 10 to 12 years.”⁶³ Coffey explained, “At the time [Coia] got his job [as the Laborers’ President], the wheels were coming off the mob’s hold of [the Laborers].”⁶⁴

The Majority also charges that Mr. Coia “associated ‘with members of the New England La Cosa Nostra for a substantial period of time.”⁶⁵ The draft complaint merely alleges Coia has been “associating with members of the New England LCN ...”(emphasis supplied). This is a distinction with a difference. Special Agent Mike Ross explains that “associating” meant as little as “hanging out” whereas an “associate” or “associated” meant “influenced and perhaps with historic or familial ties.”⁶⁶ And on the question of whether Coia was a mob “associate,” Moody testified that there was not “sufficient evidence” to say Coia was an associate of organized crime.⁶⁷ Coffey testified, “So far, the evidence does not suggest that he’s now an associate.”⁶⁸

Finally, the Majority charges that “for three years with his father [Coia] received kickbacks that were shared with Raymond Patriarca, head of the New England Crime Family,”⁶⁹ and says it

⁶³ See Hearing Tr., July 24, 1996, at p. 74.

⁶⁴ See Hearing Tr., July 25, 1996, at p. 141.

⁶⁵ See Majority Report.

⁶⁶ See Special Counsel John Flannery’s Notes, Ross Interview, dated July 10, 1996, at p. 189 et seq.

⁶⁷ See Hearing Tr., July 24, 1996, at p. 73.

⁶⁸ See Hearing Tr., July 25, 1996, at p. 142.

⁶⁹ See Majority Report.

again later in the Report.⁷⁰ The statement is unfair since the charges involved events in and around 1973 that were not proven in court and were eventually dismissed in 1984. The draft civil RICO complaint makes this abundantly clear.⁷¹ But the Majority did not make it clear in its Report.

d. Congress and Others Have Previously Advocated Union Self-policing

The Majority claims that self-policing by the target union is a new mob-busting technique requiring special scrutiny that was somehow proposed as a "sweetheart" deal by the Clinton Administration.⁷² Yet, as noted elsewhere in these dissenting views, prior to the Laborers' settlement, the Speaker and Judiciary Chair previously supported unions cleaning their own house and vigorously opposed the destruction inherent when the government acted instead.⁷³ The Permanent Subcommittee on Investigations also reviewed this matter with some care in 1990 and recommended, where possible, that unions be left in place and went on to cite examples where this had occurred.⁷⁴ Moody explained that it was because the Teamsters case served as a precedent and the ongoing threat of RICO that the Laborers instituted the necessary changes themselves.⁷⁵

⁷⁰ See Majority Report.

⁷¹ See Draft RICO Complaint, ¶ 14.a. at pp. 32-33.

⁷² See Majority Report.

⁷³ See note 27, *supra*, and accompanying text.

⁷⁴ See notes 85-91, *infra*, and the accompanying text.

⁷⁵ See Hearing Tr., July 24, 1996, at pp. 70, 73.

III. BACKGROUND AND SETTLEMENT

To fully understand the import and utility of the Laborers' settlement it is useful to consider the overall context and evolution of our nation's battle against organized and the particular facts of Justice's case against the Laborers.

A. The Fight Against "The Enemy Within"

Senators Kefauver and McClellan thoroughly investigated organized crime's corrupting influence on the labor movement. 1,525 witnesses testified at Senate hearings conducted over a three year period.⁷⁶ The historic clash between then Committee Chief Counsel Robert F. Kennedy and Teamster Leader Jimmy Hoffa, televised nationwide, symbolized the combatants' respective roles, Kennedy's struggle to uncover and destroy mob influence, and Hoffa's resistance.

Kennedy persisted, however, and, after becoming Attorney General, successfully prosecuted Hoffa and other corrupt leaders in an unprecedented effort to rid the unions of "the enemy within."⁷⁷ Unfortunately, the convictions Kennedy obtained, the prison sentences imposed, and the gains made in the 60's, were relatively short-lived.

⁷⁶ The recent Crime Subcommittee's hearings by comparison, taking less than two full days, involving only 11 witnesses and failing to call the most obvious witness, the Laborers' President Arthur Coia, despite the fact that it was his conduct that was the focus of the hearing and Mr. Coia said, by his counsel, he would voluntarily appear and testify.

⁷⁷ See generally, R. Kennedy, *THE ENEMY WITHIN* (Popular Library ed. 1960)

By 1986, President Reagan's Commission on Organized Crime ("the Commission") focussed on the mob's "market place corruption" -- "the control and exploitation of labor unions by organized criminals."⁷⁸ The Commission concluded that the mob influence by the Teamsters was as intrusive and pervasive as ever and extended to three other Internationals including the Laborers.⁷⁹

Former Chief Circuit Judge Irving R. Kaufman, the Chair of the Commission, urged "the adoption of a national strategy to remove organized crime from the marketplace..."⁸⁰ He insisted that President Reagan prosecute the Teamsters, as well as the Laborers, Longshoremen, and the Hotel Workers, but the Reagan Administration limited its efforts largely to the Teamsters.⁸¹

⁷⁸ See President's Commission on Organized Crime, Report to the President and the Attorney General, "The Edge: Organized Crime, Business and Labor Unions," at p. 6 (hereinafter "Commission Report, The Edge, p. ___").

⁷⁹ "Although LIUNA has not achieved the notoriety of the Teamster's Union, it is nevertheless a union with clear ties to organized crime." See Commission Report, The Edge, p. 162. The Commission Report cited four key unions with histories of control or influence by organized crime: the International Longshoremen's Association, the Hotel Employees and Restaurant Employees International Union, the International Brotherhood of Teamsters, and the Laborers International Union of North America.

⁸⁰ See Commission Report, The Edge, at p. 6.

⁸¹ The Majority Report refers to 19 civil RICO cases, see Majority Report, apparently to demonstrate how "easy" it is for Justice to file and win a civil RICO case. But it's not that simple. The Majority has consistently failed to appreciate the truly significant difference in scale and difficulty, both as a matter of law and of proof, between prosecuting a civil RICO case against a single local union (almost every one of the 19 cases) and a civil RICO case against an International that itself encompasses many locals. For example, in the case of the Laborers' International, the Laborers has 60 District Councils and more than 500 locals. It seems obvious just from these statistics that a civil RICO prosecution against a local is a relatively simpler matter than against an International. For a discussion of the specific concerns that the U.S. Attorney had in the Laborers' case, see note 25, *infra*, and the accompanying text. It is instructive that there was only one civil RICO case involving an International, the Teamsters case, before the Justice Department focussed on the Laborers International. It is hardly a break with tradition, as the Majority suggests, to learn

In fact these troubles derived from the Commission's insistence that the Administration use civil RICO to take over the unions.⁴² Since its enactment in 1970, prosecutors considered the RICO statute a powerful weapon to combat organized crime.⁴³ But the statute had not been widely used in the civil context before the Commission's recommendation and its use against unions posed unforeseen problems.

B. Limitations and Failures of Civil RICO

After the Commission proposed using civil RICO, and Justice was preparing to comply, its use was roundly criticized by Congress, by no less than the current Speaker and the Chair of the Judiciary, in a forceful letter of denunciation addressed to then Attorney General Meese on December 10, 1987.⁴⁴

The Permanent Subcommittee on Investigations (P.S.I.) was critical of the varying powers and responsibilities exercised by a court-appointed trustee in a civil RICO case.⁴⁵ The PSI was

from the first and only prosecution of an International, the Teamsters, and to apply those lessons to the very next prosecution, the Laborers.

⁴² See Title 18, United States Code, Sections 1964-1968.

⁴³ See Title 18, United States Code, Sections 1961-1963.

⁴⁴ See Letter of Messrs Gingrich, Hyde and others to Attorney General Meese, dated December 10, 1987. For the relevant excerpt from letter, see note 27, *supra*, and the accompanying text.

⁴⁵ The Permanent Subcommittee on Investigations issued a report in 1990, "Federal Government's Use of the RICO Statute and Other Efforts Against Organized Crime," at p. 13,

concerned about possible government abuse,⁸⁶ and therefore recommended that the union leadership be left in place,⁸⁷ citing precedent to do so (long before the Laborers).⁸⁸ PSI further cautioned the government, based on the past failures of RICO, that it was not necessarily the best device to oust

commenting disapprovingly of the fact that:

"each trusteeship is tailored by the court to meet individual union or business needs and to address specific problems of corruption [and thus] the nature of trusteeships imposed can vary greatly. In the most extreme case, the trustee may be responsible for day to day operations and report directly to the court. In other instances, the court may elect to leave the existing leadership of the organization in place, but grant broad powers to a court-appointed official to monitor their activities."

⁸⁶ The P.S. I. Report concluded:

"Absent some clear cut limitations on the use of this remedy, there is a valid public concern that the tremendous power which the statute offers may be abused." *Id.*, at p. 33.

⁸⁷ The P.S.I. Report provided: "In the case of labor unions, the Department of Justice should study and consider the feasibility and potential effectiveness of alternative remedies for the Government, short of the imposition of a civil RICO trusteeship. A trusteeship is clearly an extreme remedy in the case of a labor union in that it entails the removal of the elected officers of the union. A non-elected, court-appointed trustee is installed to run the day-to-day operations of the union.... As a preferable alternative, these [labor] witnesses suggested other methods, including those available under the Landrum-Griffin Act, by which Government monitoring of union activities is substantially increased, while the union's elected officers retain their positions" (emphasis supplied). *Id.*, at p. 34.

⁸⁸ The Report stated that: "In fact, in at least three of the cases where the Government had originally sought a trusteeship (Local 814, Local 30/30B, and the IBT cases), the reorganization ultimately imposed allowed elected union officers to retain their positions." *Id.*, at p. 34.

union leadership under mob influence.⁸⁹ The Commission's recommendations were therefore subject to significant criticism and close congressional scrutiny.⁹⁰

In the Teamsters' civil RICO case, notwithstanding wiretaps, surveillance, and its array of proven informants, the parties fought for years, spending millions of dollars, before the federal district court appointed a court monitor to run the Teamsters. That civil RICO prosecution was expensive, time-consuming, inefficient, and, in one notorious example, resulted in the substitution of one set of "mobbed-up" union officials by another.

Neither the Reagan or Bush Administrations pursued the Laborers in any significant way other than to collect and organize the information it had relating to the Laborers (about a million documents). But as the years ran by following upon the Commission's Report, the underlying charges against the Laborers grew stale, the most significant targets of the investigation died or were replaced, and the evidence Justice had against those remaining was uncorroborated by any wiretap

⁸⁹ In the case of Teamsters, Local 560, in Newark, the Genovese Crime Family had dominated that local for about 30 years and used Anthony "Tony Pro" Provenzano, Nunzio Provenzano and the Provenzano regime within the Local to maintain their control following a pattern of violence and extortion. The government got rid of Tony Pro but got his alter ego instead:

"After 20 months of trusteeship, an election was held on December 6, 1988. For the first time since 1965, there were three slates of candidates. Sixty two percent of the membership voted and elected a slate allegedly tied to the Provenzanos. In view of the election outcome, some have suggested that the Local 560 Trusteeship was demonstrably a failure." See PSI'S "Federal Government's Use of the RICO Statute and Other Efforts Against Organized Crime," at p. 19.

⁹⁰ The Majority's Report implied there hadn't been any "congressional scrutiny," see Majority Report, blithely disregarding the highly critical remarks of congressional leaders including the Speaker and Judiciary Chair and the P.S.I. hearings that adduced highly critical observations and conclusions regarding civil RICO. See notes 27, and 85-91, *supra*, and accompanying text.

evidence or surveillance witnesses. The Majority refers to the Laborers' documents, without mentioning how problematic the information was, as "the backbone" of the civil RICO complaint that was drafted during the Clinton Administration.⁹¹ Notwithstanding the difficulties caused by the delays following the Commission recommendations in 1986, and in spite of the evidential shortfall, the Clinton Administration finally took action where the earlier Administrations had failed to act.

C. Clinton Administration Efforts to Fight the Mob

When the Justice Department finally completed a draft civil RICO complaint against the Laborers, they forwarded the draft to the Laborers' counsel, rather than filing it with the U.S. District Court for the Northern District of Illinois, preferring to negotiate if they could before beginning what promised to be costly litigation. There was good reason for both sides to talk.

Eight years had passed since the Commission had complained about mob influence in the Laborers.⁹² The government had F.B.I. surveillance of Laborers' President Angelo Fosco meeting with the mob.⁹³ But they had failed to successfully prosecute Fosco once before⁹⁴ and in 1993 Fosco

⁹¹ See Majority Report.

⁹² "The [President's] Commission believes there is little chance that the LIUNA membership will be able to eliminate organized crime's influence, or control their union, if [a] the current leadership or [b] governance structure remains intact. The Commission believes that federal law enforcement agencies should give high priority to investigations of LIUNA and its locals." See Commission Report, The Edge.

⁹³ "On the international level organized crime exerts its influence principally through top officers who are associates of organized crime. This judgement is supported by surveillance of LIUNA General President Angelo Fosco meeting with members of the Chicago La Cosa Nostra

died and was replaced as General President by Arthur Coia, Jr. A number of mobsters and union leaders died since the President's Commission thought they were named in the complaint as co-conspirators.⁹⁵

Justice knew its evidence was stale. They had to consider the likelihood they might have difficulty seeking an injunction based on events more than ten years old.⁹⁶

Another problem was that the government was unwilling to disclose some of its most recent evidence. The Department blacked out paragraphs and even pages of its draft complaint.⁹⁷ Justice apparently hoped a settlement would make disclosure unnecessary.

group known to its members as the 'Outfit.'" See Commission Report, *The Edge*, at p. 146.

⁹⁴ In 1981, in Chicago, relying on a government informant named Joseph Hauser, the government prosecuted Angelo Fosco, mob bosses Tony Accardo and Al Pilotto, and others, claiming they had set up insurance companies and induced LIUNA locals to funnel business to them. Then Fosco and the others allegedly looted the pool of assets generated by the high insurance premiums. Supposedly President Fosco received kickbacks from the business. Both Fosco and Accardo were acquitted but not Pilotto, president of LIUNA Local 5.

⁹⁵ See generally Civil Rico Complaint, ¶ 14, at p. 38 et seq.

⁹⁶ 18 U.S.C. § 1961(5) defines a pattern of racketeering activity as "at least two acts of racketeering activity, one of which occurred after the effective date of this chapter and the last of which occurred within ten years (excluding any period of imprisonment) after the commission of a prior act of racketeering activity."

⁹⁷ Paul Coffey, Chief, Organized Crime and Racketeering Section, Justice said it was "for the purpose of protecting persons who have provided us [the government] with information during the investigation leading to this complaint." See Coffey correspondence to Connerton, Ray & Simon, dated November 4, 1994.

Further, while the government had evidence implicating some of the Locals and the District Councils, the U.S. Attorney for the Northern District of Illinois and his Civil Division Chief had "lingering concerns" about the strength of the evidence against the International, the object of the draft civil RICO complaint.⁹⁸

The Department and the F.B.I. also understood that they had stronger evidence against some individuals than others. The F.B.I. felt confident about evidence that Laborers' Vice President John Serpico from Chicago was "mobbed up"⁹⁹ and was "influenced by the Chicago LCN family"

⁹⁸ U.S. Attorney Jim Burns had no concerns that the complaint was made in good faith but, as he explained, every litigation has its risk and he had "lingering concerns" about venue, the predicates and who was alive and who was dead; Paul Coffey, the Department's Organized Crime Chief, was not concerned. See Special Counsel notes, Burns interview, dated July 8, 1996, at p.154 *et seq.* AUSA Tom Walsh, Chief, Civil Division, ND of Illinois, said a lot of the predicate convictions necessary to this RICO suit involved Local or District Councils and not the International and that concerned him as well. See Special Counsel John Flannery's notes, Walsh interview, dated July 8, 1996, at p 160 *et seq.* The Majority has never appreciated the subtle but significant difficulty this threshold question raised for the prosecution of any civil RICO prosecution of the Laborers. See note 81, *supra*, and accompanying text.

⁹⁹ "One of LIUNA's vice presidents is John Serpico. Serpico is also president of LIUNA Local 8 in Chicago. In testimony before the commission in 1985, Serpico admitted that he is a friend or personal acquaintance of virtually every important organized crime leader in Chicago ... Serpico also knows several LCN territorial bosses ... including Vincent Solano, president of LIUNA Local 1...." Commission Report, The Edge, at pp. 146-147.

(emphasis supplied).¹⁰⁰ However, the F.B.I. concluded they could only allege Coia had been "associating with" organized crime figures. They could not contend that the mob influenced him in his decisions or actions.¹⁰¹

Both sides appreciated the risks of litigation. The Laborers were particularly concerned about the disastrous effects this civil RICO suit would have on their ability to negotiate contracts for their members. Justice was further constrained by an executive order prohibiting litigation unless there was first an attempt to settle the matter. President Bush's Council on Competitiveness¹⁰² prompted

¹⁰⁰ See Draft Civil RICO Complaint, U.S. v. Laborers' International Union of North America, AFL-CIO, et al., ¶ 14(d), at p. 34 (hereinafter "Draft Civil RICO Complaint, ¶ __, at p. __").

¹⁰¹ See Draft Civil RICO Complaint, ¶ 14(a), at p. 33. Special Agent Mike Ross compared the strength of the evidence as between Serpico and Caivano in response to questions from the majority and minority staff. Ross was of the view, particularly after his experience with the Teamsters RICO case, that, informants alone were not enough to oust a union leader; it was necessary to have wiretaps and surveillance. As to Coia, he said, they had three "sources" and "two of the three had credibility problems." See Special Counsel John Flannery's notes, Ross interview, dated July 10, 1996, at p. 189 *et seq.*

¹⁰² The Quayle/Starr Report said: "America has become a litigious society. In 1989 nearly 18 million new civil cases were filed in the state and federal courts. This amounts to one civil lawsuit for every ten adults. In the federal courts alone, the number of (civil) lawsuits filed each year has almost tripled in the last thirty years -- from approximately 90,000 in 1960 to more than 250,000 in 1990. This dramatic growth in litigation carries with it very high costs for the US economy. A recent article in *Forbes* estimates that individuals, businesses and governments spend more than \$80 billion] a year on direct litigation costs . . . and a total of up to \$300 billion indirectly. * * * [Moreover] [t]he current *procedural* system [e.g., discovery abuse] adds costs by prolonging resolution of disputes and encouraging wasteful litigation." See Report from the President's Council on Competitiveness: Agenda for Civil Justice Reform in America (August 1991).

Executive Order 12778,¹⁰³ specifically Section 1(a), that said in the strongest possible terms that:

“No [governmental] litigation counsel shall file a complaint initiating civil litigation without first making a reasonable effort [a] to notify all disputants about the nature of the dispute and [b] to attempt to achieve a settlement. . . .” (emphasis and brackets supplied).

Robert Luskin, formerly the Special Counsel to the Department's Organized Crime and Racketeering Section appeared for the Laborers to discuss settlement. Soon after Washington attorneys Brendan Sullivan and Howard Gutman appeared for Laborers' President Coia. They discussed settlement with Paul Coffey, the Department's Chief of the Organized Crime and Racketeering Section. The Laborers, while asserting that the evidence against them was poor, still offered to address alleged mob influence. They asked Coffey if he would consider alternatives to court-appointed officers and allow the Laborers to police themselves.¹⁰⁴

On December 14, 1994, Coffey forwarded a proposed consent decree. It was objectionable to the Laborers because it called for court supervision. It contained a partial acknowledgment to the Laborers' offer, however, to clean themselves up by providing for an in-house attorney "who has the

¹⁰³ The Report stated: "The federal district and appellate caseloads have skyrocketed in the past decade, creating endless delays and adding substantially to the cost of litigation." *Id.*, at ___.

¹⁰⁴ See notes 87-88, *supra*, and accompanying text.

GEB's¹⁰⁵ [Board's] mandate to take whatever action is necessary to accomplish the removal of organized crime and all other criminal elements from all levels of the union."¹⁰⁶ The Department's draft decree also provided for the removal from the Board of Vice President Serpico, Vice President Caivano and Bob Connerton, the Board's General Counsel, but not for the removal of President Coia.¹⁰⁷ The Laborers objected to removing officers without any due process.

The Laborers' counsel then prepared a counter proposal in response with elaborate procedures to reassure the Department of their good faith.

Coffey rejected the proposal. He had the fixed view that there had to be a signed consent decree. When the Laborers asked for a review within the Department, by John Keeney, the Deputy Assistant Attorney General for the Criminal Division. Keeney supported Coffey's decision. So the Laborers sought review to Jo Ann Harris, the Assistant Attorney General for the Criminal Division.

In advance of meeting with Jo Ann Harris, the Laborers convened a full Board meeting on January 18, 1995 to make significant changes to help convince Justice, and presumably the federal district court of their good faith.

¹⁰⁵ General Executive Board (G.E.B.), the Board of the International.

¹⁰⁶ Coffey correspondence to Luskin, cc: Sullivan, dated December 14, 1994, w/ consent decree attached. See Draft Consent Decree, at p. 3 (under heading, "Purpose and Summary", ¶ 2.)

¹⁰⁷ See Draft Consent Decree, at p. 8 (under heading, "Union Action: Status of Current GEB Members," ¶ 14(e).

The Board approved an internal disciplinary code that replaced the authority of the President and the Board in disciplinary matters with an entirely independent review process. The procedure passed by a vote of 10-2.

The Code expressly barred any member or officer from "knowingly associating" with any member or associate of organized crime or "knowingly permitting" any member or associate of organized crime from influencing union affairs or obstructing or interfering with any investigation.

The Board created four new independent positions within the union (1) an Inspector General to investigate allegations of wrongdoing, (2) a Board Attorney to prosecute the charges, (3) a Hearings Officer to hear these charges, and (4) an Appellate Officer to review the Hearing Officer's rulings. In addition, the Board immediately suspended Vice-Presidents Serpico and Caivano pending the filing of charges by the newly appointed Board Attorney, Luskin. General Counsel Connerton also resigned.

The Laborers and Coia's counsel met at Harris' office shortly afterwards on January 19, 1995. By all accounts, there were twenty or more investigative agents and lawyers present from the F.B.I., the Department of Labor, the U.S. Attorney's Office from the Northern District of Illinois, and, of course, from Main Justice. The Laborers reported their accomplishments in the few days since their last meeting with Keeney and Coffey and asked once again for 90 days to show they could perform the job themselves.

But the Department wanted insurance against failure. The Department obtained its insurance when the Laborers' counsel agreed to sign a consent decree provided the Department agree not to file the decree unless and until the Laborers actually failed in their efforts to remove the mob. This insurance policy was reduced to writing on February 13, 1995, that provided for:

"a period of internal reform, lasting at least ninety (90) days, aimed at further investigating and disciplining individuals within any entity of LIUNA [the Laborers] for wrongful association with, or corruption by, members of organized crime, as well as instituting other reforms."¹⁰⁸

The Department agreed to "provide any assistance allowed by law to LIUNA."¹⁰⁹

After the ninety days it was up to "the Assistant Attorney General for the Criminal Division [Jo Ann Harris to] determin[e], in her sole discretion, that the imposition of a consent decree [was] necessary or desirable."¹¹⁰ The Laborers have since described the oversight agreement they signed as "a gun pointed at their head" for the Department can pull the trigger at any time the Laborers fail.

The four months spent to make this enforcement agreement appear to have been time well spent. Since February 1995, the Laborers have removed 36 individuals from Office or membership,

¹⁰⁸ See Consent Agreement, dated February 13, 1995, ¶1.

¹⁰⁹ Id.

¹¹⁰ See Consent Agreement, dated February 13, 1995, ¶2.

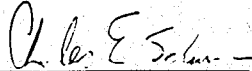
21 of whom were allegedly mob-affiliated. Board Attorney Luskin negotiated settlements with or brought charges against another 13 individuals, 7 of whom were alleged to be mob-affiliated. The Laborers recently filed disciplinary charges against 28 targets in their investigation of Buffalo Local 210. This was among the Laborers' most significant accomplishments. Deputy Assistant F.B.I. Director Moody testified at the congressional hearings that Buffalo Local 210 "was the most blatant example of La Cosa Nostra control of a local union in the United States" and that the F.B.I. had had "trouble making criminal cases against that local."¹¹¹ The Laborers also imposed Trusteeships for Locals 1278, 853, 210, 602, the Baltimore District Council, and Local 73. They consolidated the Mason Tenders District Council in New York, an act that assured the removal of the allegedly corrupt officers of ten locals and their substitution by provisional officers vetted by the F.B.I..


Lastly, the Laborers concluded the direct election of their President and Secretary-Treasurer, and a referendum to find out whether the members want to elect the remaining International officers as well.

¹¹¹ See Hearing Tr., July 24, 1996, at p. 61.

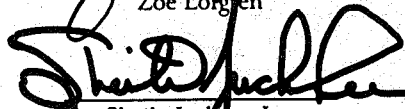
IV. CONCLUSION

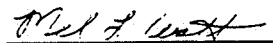
We commend this Administration's successful efforts to rid the Laborers International of Organized Crime. While much remains to be done, a lot has already been accomplished. No Administration should ever interfere in an ongoing investigation. We are satisfied, however, that there was no improper interference here. While the Majority's motivation has been suspect in this presidential election year, we sincerely hope that we may now work together to study this enforcement agreement as a model for prospective civil RICO settlements and consider legislative and statutory reforms that may help working men and women.

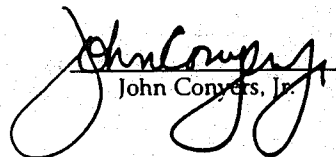


Charles E. Schumer

Robert C. Scott

Zoe Lofgren

Sheila Jackson Lee

Melvin L. Watt

John Conyers, Jr.

Editor's note.—For complete information concerning Exhibit No. 1 please refer to subcommittee hearings entitled, "Administration's Efforts Against the Influence of Organized Crime in the Laborers' International Union of North America," Serial No. 116, July 24 and 25, 1996, beginning with page 355.

EXHIBIT NO.1

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)

v.)

LABORERS' INTERNATIONAL UNION OF)
NORTH AMERICA, AFL-CIO,)

NO.

DRAFT

JOSEPH AIUPPA,)
ARTHUR J. BERNE,)
LOUIS CASCIANO,)
JAMES B. CASTALDO,)
JOHN CATANZARO,)
RAYMOND FLYNN,)
JAMES J. GALLO,)
JOHN GIARDIELLO,)
MICHAEL LABARBARA, JR.,)
GENNARO LANGELLA,)
ANTHONY D. LIBERATORE,)
CHESTER J. LIBERATORE,)
LOUIS ANTHONY MANNA, also known as)
"Bobby Manna,")
JAMES MESSERA,)
ROCCO J. NAPOLI,)
CARMINE PERSICO,)
ALFRED PILOTTO,)
JOHN RIGGI,)
JOSEPH P. ROSATO,)
DANIEL G. SANSANESE, JR.,)
JOSEPH A. TODARO, SR.,)
JOSEPH A. TODARO, JR.,)
SALVATORE TRICARIO,)
MATTHEW MICHAEL TRUPIANO, JR.,)
PETER VARIO, also known as "Jocko,")
PETER A. VARIO, also known as)
"Butch,")
THE GENERAL EXECUTIVE BOARD OF)
THE LABORERS' INTERNATIONAL)
UNION OF NORTH AMERICA, AFL-CIO,)
ARTHUR ARMAND COIA,)
General President,)
ROLLIN P. "BUD" VINALL,)
General Secretary-Treasurer,)
MASON M. "MAX" WARREN,)
First Vice-President,)

COMPLAINT

First Vice-President,)
 JOHN SERPICO,)
 Second Vice-President,)
 VERE O. HAYNES,)
 Third Vice-President,)
 SAMUEL J. CAIVANO,)
 Fourth Vice-President,)
 ENRICO MANCINELLI,)
 Fifth Vice-President,)
 CHUCK BARNES,)
 Sixth Vice-President,)
 JACK WILKINSON,)
 Seventh Vice-President,)
 GEORGE R. GUDGER)
 Eighth Vice-President)
 MICHAEL QUEVEDO, JR.)
 Ninth Vice-President,)
 ARMAND E. SABITONI)
 Tenth Vice-President)
 ROBERT J. CONNERTON,)
 General Counsel)

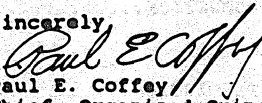
D-0004

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2

not participate in any conference regarding the filing of the proposed complaint.

Sincerely,


Paul E. Coffey
Chief, Organized Crime and
Racketeering Section

Enclosure

D-0005

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DRAFT**COMPLAINT**

The United States of America, plaintiff herein, by and through, James B. Burns, United States Attorney for the Northern District of Illinois, for its complaint herein, alleges as follows:

I**INTRODUCTION**

1. This action is brought against the Laborers' International Union of North America, AFL-CIO (hereafter alternatively, "LIUNA," or "the union,") and others to rid the union of domination and influence by members and associates of organized crime. LIUNA has been infiltrated at all levels by corrupt individuals and organized crime figures who have exploited their control and influence over the union for personal gain and to the detriment of the union.

2. LIUNA union officers and employees at all levels, including the general presidency, have been chosen, subject to the approval of, and have been controlled by, various members and associates of organized crime. Four consecutive General Presidents of LIUNA, Joseph V. Moreschi (1926-1968), Peter Fosco (1968-1975), Angelo Fosco (1975-1993) and ARTHUR ARMAND COIA (1993-present), have associated with, and been controlled and influenced by, organized crime figures. Consequently, the rights of the members of the union to control the affairs of the union have been systematically abused. Those union members who opposed this corrupt state of affairs, either at the local, district council, regional or

international levels, have been intimidated into silence by violence, threats of violence, economic coercion, and by the known ties of corrupt local, district, regional, and international officials of the union with organized crime.

3. The United States brings this suit for injunctive relief pursuant to the Racketeer Influenced and Corrupt Organizations statute (hereafter "RICO"), Title 18, United States Code, Sections 1961 through 1968, to put an end to this systemic, long-standing, and ongoing corruption of the union and to restore control of its affairs to the members of the union.

II

JURISDICTION

4. Jurisdiction in this action is predicated upon Title 18, United States Code, Section 1964(b) and Title 28, United States Code, Sections 1331, 1345, and 2201.

III

VENUE

5. Venue for this action is predicated upon Title 18, United States Code, Section 1965 and Title 28, United States Code, Section 1391(b).

6. The United States invokes the expanded service of process provisions of Title 18, United States Code, Section 1965(b).

labor bribery in exchange for labor peace and the use of non-union labor while he was business manager of Local 46, as alleged in Racketeering Acts Nos. 98 through 100 below. On June 9, 1989, Peter Vario was sentenced to serve three and one half years in prison and ordered to pay a fine of \$70,000.00 and forfeiture of \$4,433.00. (See attached Exhibit 30) Vario's conviction was affirmed in United States v. Cervone, 907 F.2d 332 (2d Cir. 1990), cert. denied, Bernesser v. United States, 498 U.S. 1028 (1991). Peter A. Vario has been released from prison and is currently on parole.

14. Defendant LIUNA International Officials: The persons whose names appear below are the defendant members of the General Executive Board and the General Counsel of LIUNA, whose offices are established by the LIUNA Constitution. These defendants are not, unless indicated otherwise in subparagraphs a. through m. below, named as defendants in their individual capacities but are named only in their official capacities for the purpose of properly effectuating the relief requested in this complaint, pursuant to Rule 19(a) of the Federal Rules of Civil Procedure. The defendant LIUNA International Officials are as follows:

a. ARTHUR ARMAND COIA has been the General President of LIUNA since February 1993 when he was elected to that position by the Board following the death of his co-conspirator, Angelo Fosco. Previously, he served as the General Secretary-Treasurer of LIUNA, having been elected by the Board to that office in 1989 to replace his father and co-conspirator Arthur Ettore Coia. From 1979 to

approximately February 1993, Arthur Armand Coia was the regional manager of the New England Regional Office of LIUNA and the business manager of the Rhode Island District Council of LIUNA. Arthur Armand Coia has been associating with members of the New England LCN family for a substantial period of time. Arthur Armand Coia was a defendant in the case of United States v. Arthur A. Coia, et al., No. 81-417-CR-JLK, in the United States District Southern District of Florida, which is referred to in Racketeering Acts Nos. 6 and 7 below. The case against him was dismissed on the motion of the government prior to his trial because his co-defendants in that case, including his father, Arthur E. Coia, who were tried separately, were granted a directed verdict of acquittal on the ground that the indictment in that case had not been returned within the applicable period of limitations. Arthur Armand Coia is named as a defendant, herein, in both his official and his individual capacities. In 1993, Arthur Armand Coia received a salary of \$188,020.64 as General President of LIUNA.

b. ROLLIN P. "Bud" VINALL, the General Secretary-Treasurer, is from LIUNA Local 1202, Dallas-Fort Worth, Texas and is the regional manager of the Fort Worth, Texas Regional Office. Vinall was elected to the position of General Secretary-Treasurer in October 1994 by the Board following the death of James J. Norwood who had held the position since February 1993. Vinall was first elected to the Board by the Board in 1976 to replace Angelo Fosco who had been elevated to the position of General President in 1975. In 1993, Rollin P. Vinall received a salary of \$128,903.18 as

a. At all times material to this Racketeering Act, defendant ARTHUR ARMAND COIA and co-conspirator Arthur Ettore Coia were officers, agents and employees of LIUNA, an employee organization within the meaning of Title 18, United States Code, Section 1954(a)(3), some of whose members were covered by the Massachusetts Laborers' Health and Welfare Fund, which was, until December 31, 1974, an "employee welfare benefit plan" subject to the provisions of the Welfare and Pension Plans Disclosure Act, Title 29, United States Code, Sections 301 - 309, and thereafter was an "employee welfare benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, Title 29, United States Code, Sections 1001 et. seq.

b. From in or about 1973, the exact date being unknown, up to and including 1976, the defendant ARTHUR ARMAND COIA and co-conspirator Arthur Ettore Coia at Providence, Rhode Island and elsewhere, including the Eastern Division of the Northern District of Illinois, did knowingly receive, agree to receive, and solicit a fee, kickback, commission, and thing of value, that is, money in an amount in excess of \$25,000, from Joseph Hauser and Farmer's National Life Insurance Company, because of and with the intent to be influenced with respect to their actions, decisions and other duties relating to questions and matters concerning the Massachusetts Laborers' Health and Welfare Fund, that is, the purchase of group life insurance from the Farmer's National Life Insurance Company under a reinsurance agreement with the Old Security Life Insurance company of Kansas City, Missouri, and they

did share the things of value they received with co-conspirator Raymond Patriarca, all in violation of Title 18, United States Code, Sections 1954 and 2.

34. Racketeering Act No. 7

a. The allegations of paragraph 33. a. above are incorporated by reference and realleged as if fully set forth herein.

b. Some of the members of the employee organization mentioned in paragraph 33.a. above were covered by the Rhode Island Laborers' District Council Health and Welfare Fund and the Rhode Island Laborers' Heavy and Highway Health and Welfare Fund, both of which, until December 31, 1974, were welfare plans subject to the provisions of the Welfare and Pension Plans Disclosure Act, Title 29, United States Code, Sections 301 - 309, and thereafter were "employee welfare benefit plan(s)" within the meaning of the Employees Retirement Income Security Act of 1974, Title 29, United States Code, Sections 1001 et. seq.

c. From in or about 1973, the exact date being unknown to the plaintiff, to in or about 1976, defendant ARTHUR ARMAND COIA and co-conspirator Arthur Ettore Coia at Providence, Rhode Island and elsewhere, including the Eastern Division of the Northern District of Illinois, did knowingly receive, agree to receive, and solicit a fee, kickback, commission and thing of value, that is, money in an unknown amount greater than \$25,000, from Joseph Hauser and Farmer's National Life Insurance Company, because of and with intent to be influenced with respect to their actions, decisions,

control of Laborers' Union Local 186 Educational and Training Fund, the Laborers' Local Union No. 214 of Oswego, New York and Vicinity Training and Education Fund, the Laborers' Local 322 Training and Education Fund, the Rochester Laborers' Apprentice and Training Fund, which is affiliated with LIUNA Local 435, (hereafter "the local funds") and the Upstate New York Laborers' Education and Training Fund, which is sponsored by the local funds (hereafter, the "Upstate Fund"), each of which was established through collective bargaining with employers and pursuant to Title 29, United States Code, Section 186(c)(6), to individuals who were members and associates of the Buffalo LCN family. The said property includes, but is not limited to, the following: 1) the moneys and assets of the local funds and the Upstate Fund; 2) the right of the members of the upstate locals to loyal and faithful representation by union officers, agents, shop stewards and other representatives as guaranteed by Title 29, United States Code, Section 501(a); and 3) the right of the members of the upstate locals as participants in employee benefit plans in which money was paid by employers of members of the upstate locals to trust funds established and maintained by the upstate locals for the purpose of defraying the costs of training programs pursuant to Title 29, United States Code, Section 186(c)(6), to have the said employee benefit plans administered for the sole and exclusive benefit of the participants by the fiduciaries of such employee benefit plans, as guaranteed by the Employee Retirement Income Security Act of

1974, as amended, Title 29, United States Code, Sections 1101 through 1114.

d. The aforementioned defendants and co-conspirators employed the wrongful use of actual and threatened force, violence, and fear including fear of economic harm, by various means, including, but not limited to, the allegations set forth in Paragraph 19 above, which is herein incorporated by reference and realleged as if fully set forth herein, to induce the members of the upstate locals to consent to the surrender of the property described above.

79. Sub-predicate Racketeering Acts 110B-110L

a. The following paragraph b. is realleged as a part of each of sub-predicate Racketeering Acts Nos. 110B through 110L.

b. From in or about 1986 to on or about July 31, 1994, in Rochester, New York and elsewhere, defendants ARTHUR A. COIA, SAMUEL J. CAIVANO, JOSEPH A. TODARO, SR., JOSEPH A. TODARO, JR., and DANIEL G. SANSANESE, JR., and co-conspirators Arthur E. Coia and Angelo Fosco and others whose names are both known and unknown devised and intended to devise a scheme and artifice to defraud and to obtain money and property under false and fraudulent pretenses, representations and promises, that is, to defraud the members of the upstate locals of the property described in Paragraph 78 c. above, well knowing at the time that the pretenses, representations and promises would be and were false when made. For the purpose of executing said scheme, the defendants and the co-conspirators would do the following:

(1) the defendants would attempt to establish regional training centers located in Buffalo, New York and Albany, New York which would be financed by contributions from employers of members of various LIUNA local unions located in upstate New York pursuant to the provisions of Title 29, United States Code, Section 186(c)(6) and which would, in part, replace a training center located in Oswego, New York which had been established by the local funds and the Upstate Fund and which had been financed by contributions from employers of members of the upstate locals pursuant to the provisions of Title 29, United States Code, Section 186(c)(6);

(2) the operations of the regional training centers located in Buffalo, New York and Albany, New York would be controlled by LIUNA officials who were members and associates of, or controlled by, the Buffalo LCN family;

(3) the defendants and their co-conspirators would attempt to establish the regional training centers located in Buffalo, New York and Albany, New York to reward contractors and service providers favored by the Buffalo LCN family, to provide employment to members and associates of the Buffalo LCN family without regard to the professional qualifications of these individuals and to pay for unnecessary or extravagant travel and entertainment expenses to the defendant LIUNA officials and others;

(4) the defendants and their co-conspirators and others who held positions as officials and employees in LIUNA would attempt to unlawfully use procedures established by the various LIUNA constitutions, including the imposition of trusteeships, the revocation of local union charters and the creation of district councils, to coerce and induce the upstate locals to surrender control of local union training trust funds to members and associates of the Buffalo LCN family;

(5) the defendants and their co-conspirators would attempt to deprive the members of the upstate locals of the control, through their elected local union representatives, of trust funds established for the sole and exclusive benefit of LIUNA members for training programs pursuant to the provisions of Title 29, United States Code, Sections 186(c)(6) and 1101 through 1114;

(6) the defendants and their co-conspirators would and did misrepresent, conceal and hide and cause to be misrepresented, concealed and hidden, the purpose of and acts done in furtherance of the scheme to defraud.

c. **Sub-Predicate Racketeering Act 110B:** On or about December 11, 1989, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, and representations and promises, and attempting to do so, defendants ARTHUR A. COLA, SAMUEL J. CAIVANO, JOSEPH A. TODARO, SR., JOSEPH A.

TODARO, JR., and DANIEL G. SANSANESE, JR., and co-conspirators Arthur E. Coia and Angelo Fosco did knowingly cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service according to the direction thereon, envelopes addressed to:

LIUNA Local 186
25 Elm Street
Plattsburgh, New York 12901

LIUNA Local Union 214
23 Mitchell Street
Oswego, New York 13126

LIUNA Local 322
P.O. Box 361
Massena, New York 13662 and

LIUNA Local 435
20 Fourth Street
Rochester, New York 14609

each of which contained a letter from then LIUNA General President Angelo Fosco directing these four LIUNA local union members of the Upstate New York Laborers' Education and Training Fund to affiliate their jointly administered training trust funds, established pursuant to negotiations with employers of members of those LIUNA local unions, with the regional training trust funds to be established in either Albany, New York or Buffalo, New York.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

[REDACTED]

e. Provide that the expenses of the court liaison officer(s) be paid out of the funds of LIUNA.

2. That this Honorable Court issue a permanent injunction prohibiting defendants JOSEPH AIUPPA, ARTHUR J. BERNE, LOUIS CASCIANO, JAMES B. CASTALDO, JOHN CATANZARO, SAMUEL J. CAIVANO, ARTHUR ARMAND COIA, RAYMOND FLYNN, JAMES J. GALLO, JOHN GIARDIELLO, MICHAEL LABARBARA, JR., GENNARO LANGELLA, ANTHONY D. LIBERATORE, CHESTER J. LIBERATORE, LOUIS ANTHONY MANNA, also known as "Bobby Manna," JAMES MESSERA, ROCCO J. NAPOLI, CARMINE PERSICO, ALFRED PILOTTO, JOHN RIGGI, JOSEPH P. ROSATO, DANIEL G. SANSANESE, JR., JOSEPH A. TODARO, SR., JOSEPH A. TODARO, JR., SALVATORE TIRCARIO, MATTHEW MICHAEL TRUPIANO, JR., PETER VARIO, also known as "Jocko," and PETER A. VARIO, also known as "Butch" and all other persons in active concert or participation with them in the affairs of the LCN from participating in or having any future dealings of any nature whatsoever with any officer, agent, representative or employee of LIUNA or any other labor organization about any matter which relates, directly or indirectly, to the affairs of LIUNA or such other labor organization, and from owning or operating any business which employs members of LIUNA or any of its subordinate bodies in the Northern District of Illinois or elsewhere.

3. That this Honorable Court issue a permanent injunction prohibiting defendants ROLLIN P. "BUD" VINALL, MASON M. "MAX" WARREN, JOHN SERPICO, VERE O. HAYNES, ENRICO MANCINELLI, CHUCK BARNES, JACK WILKINSON, GEORGE R. GUDGER, MICHAEL QUEVEDO, JR., ARMAND E. SABITONI, and ROBERT J. CONNERTON and their successors as



EXHIBIT NO. 2

Federal Bureau of Investigation

Washington, D. C. 20535

October 7, 1994

ARTHUR A. COIA

Captioned individual, also known as Arthur Armand Coia, who you advised was born March 21, 1943, in Providence, Rhode Island, and holds Social Security Number 037-26-3032, was one of the subjects of a criminal investigation by the FBI from 1977 to 1984 involving Racketeer Influenced and Corrupt Organizations and Conspiracy. Attached are 13 pages from an FBI report dated August 14, 1981, and a memorandum which contain the results.

Coia is a criminal associate of the New England Patriarca organized crime family.

In addition, Coia is a subject in an ongoing civil investigation by the FBI. No additional information can be provided at the present time.

It is important to note that Mr. Coia has no knowledge of this information. Caution should be exercised in discussing information relating to this matter as any disclosure of the investigation could jeopardize the investigation.

The records of the Criminal Justice Information Services Division reveal FBI Arrest Record Number 103863X3 for Arthur Armand Coia, also known as Arthur Armand Coia, born March 21, 1943, in Providence, Rhode Island, which may be identifiable with captioned individual, copy attached.

- 1 - Mr. Ross, Room 3076
- 1 - Mr. Bourke, Room 4371
- 1 - Mr. Thornton
- 1 - Miss Thompson
- 1 - Mrs. George

See Note On Page 2

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