

*Sixth Edition*

# ORGANIZED CRIME

**Michael D. Lyman**

*Columbia College of Missouri*

**Gary W. Potter**

*Eastern Kentucky University*

**PEARSON**

Boston Columbus Indianapolis New York San Francisco Upper Saddle River Amsterdam  
Cape Town Dubai London Madrid Milan Munich Paris Montreal Toronto  
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

# CONTENTS

*Preface* xvi

## **Chapter 1 UNDERSTANDING ORGANIZED CRIME 1**

Introduction 1

The Book's Focus 4

What Is Organized Crime? 4

Definitions of Organized Crime 6

State-Sponsored Definitions 6

International Definitions 7

Definitions in the Scholarly Literature 7

The Empirical Research 8

Is There a "Working" Definition of Organized Crime? 10

Redefining Organized Crime 10

Globalization and Organized Crime 11

The Criminal Group 12

Organizing for Profit 13

Profit-Making Enterprises of Organized Crime 13

Organized Crime Networks or Transnational Mafias? 14

Organized Crime: Attributes, Characteristics, and Structure 14

"Groups" of Criminals 14

Bureaucratic or Network Structure? 15

The Cohesion of Criminal Organizations 15

Managing Relationships between Organized Crime Networks 18

Illicit Enterprise and Profit-Making 18

The Forms of Organized Crime 18

Standard Hierarchy 19

Regional Hierarchy 20

Clustered Hierarchy 21

Core Group 22

Criminal Network 22

Problems Caused by Organized Crime 23

Understanding the Mafia 24

Categories of Organized Criminal Behavior 24

Provision of Illicit Services 24

Provision of Illicit Goods 25

Conspiracy to Commit Crimes 25

Penetration of Legitimate Business 25

Extortion 25

Corruption 26

**Definitions by Crime Commissions 26**

Chicago Crime Commission 26

The Wickersham Commission 26

The Kefauver Committee 27

The McClellan Committee 27

The President's Commission on Law Enforcement and the  
Administration of Justice 28

Pennsylvania Crime Commission 28

**The Sicilian Seed 28**

The Village Becomes Organized 29

The Camorra 29

**Investigations into Organized Crime 30**

Mussolini's Mafia Purge 30

The Hennessey Incident in New Orleans 31

Landesco's Organized Crime Investigation 33

The Castellammarese War 33

Thomas Dewey and the Mob 34

The Kefauver Committee 36

The Apalachin Incident 37

The Valachi Testimony at the McClellan Committee 39

Robert Kennedy's Justice Department Task Force 40

Palermo's Maxitrial 41

Giuliani's Mafia Trials 43

Louis Freeh and the New Mafia War 43

**Models of Organized Crime 44**

Report of the President's Commission on Organized  
Crime on Levels of Membership 44

Cressey's Cosa Nostra Theory 47

Albini's Patron-Client Theory 48

Smith's Enterprise Theory 50

Ianni's Kinship Group Model 51

Chambliss's Crime Network Theory 51

Haller's Partnership Model 51

Block's Description of Enterprise and  
Power Syndicates 52

**Nontraditional Organized Crime 53**

**Organizational Constraints 54**

Reuter on Economic Constraints 55

Mastrofski and Potter on Organizational Constraints 55

**Organized Crime, the Media, and Popular Culture 56**

**What Have We Learned? 59**

**Do You Recognize These Terms? 60**

Points of Discussion 60

Suggested Reading 60

## **Chapter 2 THEORIES OF ORGANIZED CRIMINAL BEHAVIOR 61**

Introduction 61

Alien Conspiracy Theory 62

Rational Choice Theory 63

Deterrence Theory 63

Psychological Traits and Criminality 64

The Antisocial Personality 64

The Dependent Personality 65

Learning Theories 67

Miller on Gangs 67

Sutherland on Differential Association 67

Social Disorganization Theories 68

Relative Deprivation 68

Bell's Queer Ladder of Mobility Theory 68

Merton's Theory of Anomie 69

Cloward and Ohlin on Differential Opportunity 69

Taylor, Walton, and Young on Blocked Opportunity 70

Cultural Deviance Theories 70

Culture Conflict 70

Smith's Enterprise Theory 70

Organizational Theory and Organized Crime 71

Two Empirical Conclusions 72

Social Implications of the Enterprise Model 73

Organized Crime as a Community Social Institution 73

Alignment with Legitimate Business 74

Benefits for Legitimate Business 74

Illicit Income for Community Members 75

Legitimate Employment Opportunities 75

Community Acceptance of Organized Crime 76

The Corruption Link 77

Interfacing with the Community 78

What Have We Learned? 79

Do You Recognize These Terms? 80

Points of Discussion 80

Suggested Reading 80

## **Chapter 3 THE EVOLUTION OF ORGANIZED CRIME 81**

Introduction 81

The Irish Immigration 82

The Political Machine (1830–1919) 83

<b>The Early Drug Syndicates (1915–1930)</b>	<b>86</b>
<b>The Prohibition Era (1920–1933)</b>	<b>87</b>
<b>The Chicago Mob</b>	<b>88</b>
Al Capone (1899–1947)	88
Capone’s Move to Chicago	88
Sam Giancana (1908–1975)	90
Ethnicity and Organized Crime in Large Cities	93
<b>The New York Mob</b>	<b>94</b>
The Masseria and Maranzano Assassinations	95
Lucky Luciano and New York’s New Order	95
Siegel, Lansky, and the New York–Las Vegas Connection	97
The Black Hand	99
The Unione Siciliana	100
<b>Other Historic Figures in New York</b>	<b>101</b>
Arnold Rothstein (1882–1928)	101
Dutch Schultz (1902–1935)	102
Frank Costello	104
Frank Erikson	105
Vito Genovese	106
Joseph Bonanno	108
Joseph Colombo	109
Carlo Gambino	110
Paul Castellano	110
John Gotti	111
<b>The Philadelphia Crime Family</b>	<b>115</b>
Philadelphia and the National Syndicate	116
<b>What Have We Learned?</b>	<b>118</b>
<b>Do You Recognize These Terms?</b>	<b>118</b>
<b>Points of Discussion</b>	<b>118</b>
<b>Suggested Reading</b>	<b>118</b>

## **Chapter 4 THE EVOLUTION OF ORGANIZED CRIME 119**

<b>Introduction</b>	<b>119</b>
<b>Historical Perspectives of Organized Crime in the South</b>	<b>119</b>
<b>Modern-Day Piracy</b>	<b>120</b>
<b>Land Pirates, Horse and Slave Thieves, Highwaymen, Marauders, and Train Robbers</b>	<b>122</b>
<b>Vice in the South</b>	<b>124</b>
Natchez-Under-the-Hill	124
New Orleans	125
Gambling	126
New Orleans Street Gangs	128

Procuring	128
Prostitution	129
Bootlegging and Moonshining	131
What Have We Learned?	135
Do You Recognize These Terms?	136
Points of Discussion	136
Suggested Reading	136
<b>Chapter 5 THE BUSINESSES OF ORGANIZED CRIME</b>	<b>137</b>
Introduction	137
Delivery of Illicit Goods and Services	138
Corruption	138
Pornography	140
Forms of Pornography	140
Organized Crime and Pornography	141
Prostitution	142
Types of Prostitutes	143
Pimp–Prostitute Relationship	145
The Clients	146
Human Trafficking and Sexual Slavery	146
Organized Crime and Prostitution	147
Drug Trafficking	147
Cocaine Traffic	147
Heroin Traffic	147
Synthetic Drug Traffic	148
Marijuana Traffic	148
The Distribution Chain	149
Drugs, Guns, and Armed Conflict	150
Contraband Smuggling	152
Counterfeiting Currency	154
Counterfeiting Consumer Goods	154
Gambling	155
The Process	156
Bookmaking	157
The Effects of Illegal Gambling	159
Loan-Sharking	159
Environmental Crime	161
Trafficking in Gems and Gold	162
Business Racketeering	163
Reasons to Seek Legitimacy	163
Labor Racketeering	166
High-Tech Crime	169

<b>Intellectual Property Rights Violations</b>	<b>171</b>
<b>Trafficking in Nuclear Material</b>	<b>173</b>
<b>Trafficking in Women and Children</b>	<b>173</b>
<b>Money Laundering</b>	<b>174</b>
Money Laundering Defined	175
Current Money-Laundering Trends	175
The Money-Laundering Process	175
Money-Laundering Methods	176
Money orders	177
Casinos	178
Bulk Cash Smuggling	178
Shell Companies and Trusts	179
<b>Responding to Money Laundering</b>	<b>179</b>
Legal Controls	180
<b>What Have We Learned?</b>	<b>181</b>
<b>Do You Recognize These Terms?</b>	<b>181</b>
<b>Points of Discussion</b>	<b>181</b>
<b>Suggested Reading</b>	<b>181</b>

## **Chapter 6 THE ILLICIT DRUG TRADE 183**

<b>Introduction</b>	<b>183</b>
<b>Drug Control: A Brief History</b>	<b>184</b>
Early Drug Regulation	185
<b>The Impact of Drugs on Society</b>	<b>185</b>
The Pervasiveness of Drug Abuse	186
Drugs and Crime	187
Drugs and Violence	188
Drugs and Income-Generating Crime	189
Drugs and Organized Crime	189
<b>Players in the Drug Business</b>	<b>190</b>
<b>The Business of Drugs</b>	<b>191</b>
<b>Southeast Asia</b>	<b>191</b>
The Opium Wars	192
The Golden Triangle	193
<b>Southwest Asia—The Golden Crescent</b>	<b>195</b>
<b>Trends of Organized Drug Trafficking</b>	<b>196</b>
Organization	197
<b>Drugs and Drug-Trafficking Techniques</b>	<b>197</b>
<b>Drug-Control Strategies</b>	<b>197</b>
Strategy 1: Expressive Law Enforcement	197
Strategy 2: Mr. Big Strategy	198
Strategy 3: Gang Control	198

Strategy 4: Citywide Street-Level Drug Enforcement 199

Strategy 5: Neighborhood Crackdowns 199

Strategy 6: Drug Abuse Prevention 199

**Other Control Strategies 199**

**What Have We Learned? 200**

**Do You Recognize These Terms? 201**

**Points of Discussion 201**

**Suggested Reading 201**

## **Chapter 7 DOMESTIC ORGANIZED CRIME GROUPS 202**

**Introduction 202**

**Past African American Organized Crime 203**

New York 204

Chicago 204

Pittsburgh 205

Philadelphia 205

Newport 205

**Contemporary African American Organized Crime 206**

Leroy "Nicky" Barnes 206

Frank Mathews 207

Jeff Fort 207

Charles Lucas 207

**Youth Gangs 207**

Extent of Youth Gangs 208

Reasons for the Existence of Youth Gangs 208

How Street Gangs Are Organized? 209

Youth Gang Member Types 210

Laws Addressing Gang Violence 210

Characteristics of Youth Gang Members 212

Black Youth Gangs 213

Hispanic Youth Gangs 214

Mobility of Youth Gangs 214

**Outlaw Motorcycle Gangs 216**

The OMG–Organized Crime Link 217

Organizational Structure 218

Criminal Activity 220

The Hell's Angels 221

The Outlaws 222

The Pagans 224

The Bandidos 225

**Prison Gangs 225**

Nature of Prison Gangs 227

Recruitment 228

Prison Gang Structure	229
Mexican Mafia	230
Nuestra Familia	231
Texas Syndicate	232
The Mexikanemi	232
Aryan Brotherhood	233
Black Guerilla Family	233
Gang Members in the Community	234
<b>Rural Organized Crime</b>	<b>235</b>
The Wholesale Market	236
The Retail Market	237
<b>Characteristics of Rural Organized Crime Groups</b>	<b>238</b>
<b>What Have We Learned?</b>	<b>238</b>
<b>Do You Recognize These Terms?</b>	<b>238</b>
<b>Points of Discussion</b>	<b>239</b>
<b>Suggested Reading</b>	<b>239</b>

## **Chapter 8 A COMPARATIVE PERSPECTIVE 240**

<b>Introduction</b>	<b>240</b>
<b>Transnational Organized Crime</b>	<b>240</b>
<b>International Changes and Organized Crime</b>	<b>241</b>
International Transportation and Criminal Organizations	242
International Trade and Criminal Organizations	242
Computer and Communications Technology and Criminal Organizations	242
International Financial Networks and Organized Crime	242
Globalization and the Consumption Society	243
The Changing Character of Organized Crime in a Global Economy	243
<b>Strategic Alliances and Modern Organized Crime</b>	<b>243</b>
<b>Undermining Civil Society</b>	<b>244</b>
Impact on Local Economies	245
Undermining State Legitimacy	245
States within States	245
<b>Future Trends Affecting Criminal Organizations</b>	<b>246</b>
Economics of Production	246
International Ungovernability	246
Immigration Streams and Organized Crime	246
Border Porosity	247
<b>Modern-Day Drug Trafficking</b>	<b>247</b>
Colombian Cocaine Trafficking—Historic Perspectives	248
The Medellin Cartel—Lessons Learned	249

Innovative Wholesaling Structure	250
Current Changes in Colombia	250
<b>The Growing Role of Mexican Drug Trafficking</b>	<b>251</b>
<b>Variables of Influence in The Mexican Drug Trade</b>	<b>251</b>
<b>Fighting Over “Turf”—Mexican Cartels</b>	<b>254</b>
The Gulf Cartel	254
The Los Zetas—A Gulf Cartel Outgrowth	255
The Sinaloa Cartel	258
The Juarez Cartel	260
The Tijuana Cartel	261
The Sonora Cartel	261
The La Familia (the Family) Michoacana Cartel	262
<b>Official Corruption in Mexico</b>	<b>264</b>
<b>Dominican Drug Trafficking Organizations</b>	<b>265</b>
<b>Cuban Organized Crime</b>	<b>266</b>
The Legacy of the Marielitos	266
<b>A Small Corner of the World: Organized Crime in the Triborder Area</b>	<b>267</b>
Geography, Society, and the Economy of Crime	268
State Corruption	268
Organizing Crime in the TBA	269
Organized Crime Enterprises in the TBA	270
Conclusion	271
<b>Developing Transnational Criminal Organizations</b>	<b>272</b>
Chinese Organized Crime	272
The Japanese Yakuza	275
Vietnamese Gangs	277
The Shining Path	277
European Organized Crime	278
Europe’s Shadow Economy	279
Italy’s Mafia Wars	281
Russian Organized Crime	283
Balkan Criminal Enterprises	287
Asian Organized Crime	288
African Organized Crime	289
Issues Related to Organized Crime Facing Africa	296
Eastern Africa	296
Arms Trafficking	298
East African Drug Trafficking	299
Trafficking in Humans	300
Somali Pirates	300

Corruption	302
Albanian Drug-Smuggling Networks	303
<b>What Have We Learned?</b>	<b>303</b>
<b>Do You Recognize These Terms?</b>	<b>304</b>
<b>Points of Discussion</b>	<b>304</b>
<b>Suggested Reading</b>	<b>304</b>

## **Chapter 9 TERRORISM AS ORGANIZED CRIME 305**

Introduction	305
An Overview	306
Terrorism Defined	306
Who are the Terrorists?	307
Forms of Terrorism	308
Changes in Terrorism	309
Use of Chemical and Biological Weapons	310
Infoterrorism	311
<b>International Terrorism</b>	<b>311</b>
Responding to September 11, 2001	314
<b>Middle Eastern Terrorists</b>	<b>315</b>
Al Qaeda International	315
Al Qaeda in the Lands of the Islamic Maghreb	316
Al Qaeda in the Arabian Peninsula	317
Al Qaeda's Expansion	318
The Muslim Brotherhood	321
Al-Shabaab	324
Abu Sayyaf Group	325
Afghan Taliban	325
HAMAS	326
Hizballah	327
Terrorist Sleeper Cells	329
<b>Latin American Terrorists</b>	<b>329</b>
<b>State-Organized Crime</b>	<b>331</b>
<b>Domestic Terrorism</b>	<b>331</b>
The Bombing in Oklahoma City	333
Other Incidents in the Late Twentieth Century	334
<b>The Ideological Left</b>	<b>335</b>
<b>The Ideological Right</b>	<b>335</b>
Domestic Terrorism: White Supremacist and Hate Groups	336
<b>The Birth of Militias</b>	<b>338</b>
<b>Triggering Events</b>	<b>338</b>
Other Domestic Terrorist Groups	339

<b>Single-Issue Terrorist Activity</b>	<b>341</b>
Antiabortion Activists	341
Crime-Related Events	342
<b>The Media's Role in Terrorism</b>	<b>343</b>
<b>Controlling Terrorism</b>	<b>343</b>
<b>The 1996 Antiterrorism Bill</b>	<b>343</b>
<b>The 2001 USA Patriot Act</b>	<b>344</b>
<b>The Homeland Security Act of 2002</b>	<b>344</b>
<b>The REAL ID Act of 2005</b>	<b>345</b>
<b>What Have We Learned?</b>	<b>345</b>
<b>Do You Recognize These Terms?</b>	<b>345</b>
<b>Points of Discussion</b>	<b>346</b>
<b>Suggested Reading</b>	<b>346</b>

## **Chapter 10 ORGANIZED CRIME'S POLITICAL AND CORPORATE ALLIANCES 347**

<b>Introduction</b>	<b>347</b>
<b>Corporate Scandals of the Twenty-First Century</b>	<b>348</b>
<b>The Connection</b>	<b>350</b>
<b>Organized Crime and the Political System</b>	<b>350</b>
<b>The Mob and John F. Kennedy</b>	<b>352</b>
John F. Kennedy's Political Debts	353
<b>Organized Crime and Richard Nixon</b>	<b>355</b>
The Teamsters Endorsement	357
<b>Organized Crime Links with Ronald Reagan</b>	<b>357</b>
Senator Paul Laxalt	358
Jackie Presser	359
Roy Williams	359
Reagan and the International Longshoremen's Association	359
Raymond Donovan	360
Other Reagan Administration Ties to Organized Crime	360
Payback	361
<b>Organized Crime and the Business Community</b>	<b>362</b>
Reciprocity	362
<b>The Worlds of Meyer Lansky</b>	<b>363</b>
More on Las Vegas	365
The Move to Florida	366
Cuba	367
The Banks	367
The Bahamas	367
<b>Organized Crime, the CIA, and the Savings and Loan Scandal</b>	<b>368</b>
First National Bank of Maryland	369
Palmer National Bank	369

Indian Springs Bank	369
Vision Banc Savings	370
Hill Financial Savings	370
Sunshine State Bank	371
Mario Renda, Lender to the Mob	371
Full-Service Banking	371

### **International Activities 372**

Tax Havens	372
The Industrialized World	372
South America, Central America, and Mexico	372
Mexico	372
Honduras	372
Guatemala	373
Costa Rica and Nicaragua	373
Argentina	373

### **Other Financiers 373**

Moe Dalitz	373
The Teamsters and the Dorfman	373
Ed Levinson	374
Reuben Sturman	375
Were There Others?	375

### **What Have We Learned? 375**

### **Do You Recognize These Terms? 376**

### **Points of Discussion 376**

### **Suggested Reading 376**

## **Chapter 11 CONTROLLING ORGANIZED CRIME 377**

### **Introduction 377**

### **The Police Response 377**

Police Jurisdiction	378
Controlling Police Actions	378
The Constitution and the Police	378
Undercover Operations	379
Informants	380

### **Intelligence Operations 381**

Intelligence Investigations versus Criminal Investigations	382
Intelligence Agencies	383
Improving Intelligence Investigations	383

### **Legal Initiatives against Organized Crime 384**

The 1986 Money Laundering Control Act	385
The 1988 Chemical and Diversion and Trafficking Act	385
The USA Patriot Act of 2001	385
The Internal Revenue Code	385

<b>Electronic Surveillance</b>	<b>386</b>
<b>Asset Forfeiture</b>	<b>386</b>
Advantages of Civil Forfeiture	387
Forfeiture of Attorney's Fees	388
<b>The RICO Statute</b>	<b>389</b>
Offenses Under RICO	390
Pattern of Racketeering Activity	390
Disadvantages of RICO	390
Advantages of RICO	390
<b>The Continuing Criminal Enterprise Statute</b>	<b>391</b>
<b>Conspiracy Laws</b>	<b>391</b>
<b>The Comprehensive Drug Abuse Prevention and Control Act</b>	<b>393</b>
<b>Multijurisdictional Task Forces</b>	<b>393</b>
The Organized Crime Drug Enforcement Task Force	393
The Investigative Grand Jury	394
The Statewide Grand Jury	395
The Witness Security Program	395
<b>Evaluating Efforts to Control Organized Crime</b>	<b>395</b>
<b>The Headhunting Strategy</b>	<b>395</b>
The Effectiveness of Headhunting	396
Problems with Headhunting	397
<b>Fighting Corruption</b>	<b>397</b>
<b>Cleaning up Money Laundries</b>	<b>398</b>
<b>Drug Decriminalization</b>	<b>398</b>
Opposing Decriminalization	398
<b>Effectiveness of Organized Crime Prosecutions</b>	<b>399</b>
<b>Why Won't It Die?</b>	<b>400</b>
<b>The Future of Organized Crime</b>	<b>400</b>
Information Theft	401
The Power of Legitimacy	402
Satellite Technology	402
<b>What Have We Learned?</b>	<b>402</b>
<b>Do You Recognize These Terms?</b>	<b>404</b>
<b>Points of Discussion</b>	<b>404</b>
<b>Suggested Reading</b>	<b>404</b>

*Appendix A: Selected Provisions from the 2001 USA Patriot Act* 405

*Appendix B: Chronology of White Supremacist Domestic Terrorist Incidents in the 1980s* 409

*Appendix C: Domestic Terrorism Groups and Events* 413

*Appendix D: Foreign Terrorist Organizations* 416

*References* 419

*Index* 435