

## **EIR Feature**

# **First Fidelity Bank: LaRouche foe in bed with Dope, Inc.**

by Jeffrey Steinberg

According to an affidavit on file in federal court in the Southern District of New York, less than 48 hours after independent Democratic presidential candidate Lyndon H. LaRouche, Jr. exposed Walter Mondale as a "KGB agent of influence" before a prime-time national television audience, on Oct. 21, 1984, the Boston office of U. S. Attorney William Weld ordered the FBI to open a witchhunt investigation aimed at silencing LaRouche.

On Nov. 1, as the first move in that witchhunt, Boston-based FBI special agent Richard Egan contacted the First Fidelity Bank of Newark, New Jersey, the bank maintaining the campaign account of Independent Democrats for LaRouche (IDL). While the exact contents of that telephone discussion are not known to this author, within hours of the call, First Fidelity had illegally seized \$200,000 from the IDL account, thus blocking a scheduled LaRouche election-eve half-hour nationwide broadcast on CBS-TV.

At the time of this First Fidelity-FBI collusion, U. S. intelligence community sources had privately warned IDL representatives that a "November Offensive" to shut down the LaRouche political machine had been ordered by leading circles within the Boston/Lower Manhattan Liberal Establishment, including McGeorge Bundy and Averell Harriman, to ensure that the two-time independent Democratic presidential candidate would have no future role in the national electoral process. Since President Ronald Reagan's March 23, 1983 nationwide TV address announcing the Strategic Defense Initiative, a program publicly advocated by LaRouche for years, top figures within the Soviet state apparatus had burned the back channels with demands that the "LaRouche problem" be taken care of.

At the time of the theft, LaRouche campaign spokesmen charged that top officials of First Fidelity, including bank chairman Robert Ferguson, were up to their eyeballs in an organized crime network involving the old Meyer Lansky syndicate, top officials of the Boston Brahmin financial establishment who pioneered the opium trade and offshore money laundering, and corrupt leading officials of the Democratic Party. The spokesmen documented that the bank's organized crime ties revolved around the Lansky mob's invasion of Atlantic City



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*First Fidelity chairman Robert Ferguson attempts to prevent Elliot Greenspan, a campaign organizer for Independent Democrats for LaRouche, from entering bank headquarters in Newark, in November 1984. IDL charged First Fidelity with involvement in organized crime, through New Jersey's "casino gambling industry"; but it turns out that that was only the tip of the iceberg.*

through the legalization of casino gambling, a project in which bank head Ferguson had played a pivotal role. The fact that Ferguson and First Fidelity shared a lawyer with dope financier Robert Vesco merely added to an already rich mosaic of evidence.

Now, 15 months and thousands of pages of court papers, depositions, affidavits, and motions after the bank's rip off of Independent Democrats for LaRouche, the *Wall Street Journal* has published a pair of front-page stories confirming the IDL charges of First Fidelity/Dope, Inc. collusion, a collusion that has all the ingredients of a Grade-B mafia movie: loansharking, bigtime dope trafficking, a rash of gangland beatings, at least two murders, shakedown of legitimate—and not-so-legitimate—businesses, and a crew of Ivy League bankers who systematically passed \$22 million in cash into the mob and have managed, so far, to walk away from the scene scot free.

On Tuesday, Jan. 14, *Wall Street Journal* investigative reporter Jonathan Kwitny published the first of two articles exposing First Fidelity's relationship with Richard Mamarrella, a professional con man who apparently was picked up by the Gambino organized crime family and assigned to manage a New Jersey loan sharking and drug financing operations that made use of the Atlantic City casinos—and the accommodating facilities of a south Jersey branch of First Fidelity. Between early 1982 and September 1983, when he was found guilty of fraud and extortion and sentenced to seven years in federal prison, Mamarrella received a total of \$22 million in loans from First Fidelity Bank of South Jersey. A total of 139 such loans, all personally approved by the

president of the south Jersey branch, Joseph Petrycki, were issued to Mamarrella on collateral consisting of non-existent insurance policies, all fraudulently written by shell insurance companies owned by Mamarrella himself, on behalf of non-existent corporate clients.

According to court documents and Mamarrella's own testimony in a summer 1985 trial of two of his "business associates," the bulk of the \$22 million passed into the hands of organized crime to finance loansharking operations from Atlantic City to Chinatown, and to purchase Golden Triangle heroin from mafia refineries in Palermo, Florence, and Milan on behalf of the south Jersey "Pizza Connection."

Was First Fidelity the victim or the perpetrator of the \$22 million crime spree? According to author Kwitny, throughout the duration of the theft and fraud, Mamarrella's principal front company, IFA, Inc., was legally represented by Nathaniel Yohalem of the prominent Newark, New Jersey firm of Greenbaum Greenbaum, Rowe & Smith—a firm that had represented First Fidelity Bancorp. for the past 20 years. It was Yohalem who submitted the original letters to First Fidelity assuring the bank that Richard Mamarrella and IFA, Inc. were worthy of millions of dollars in credits—no questions asked.

Incredibly, when the Mamarrella fraud and organized crime ties came out publicly, following his April 29, 1983 Chinatown arrest on extortion charges (he and four associates were grabbed by the FBI while in the process of beating up a recalcitrant borrower who had fallen behind on his payments to Chinatown dope financier and loan shark Louis Chung), First Fidelity hired Mamarrella and his mob "toughs" as paid

consultants to aid in the collection of an estimated \$14.5 million in outstanding loans from the bank to Mamarella.

The "special arrangement" with Mamarella was sanctioned by no less an official of the bank than Chairman Robert Ferguson, according to the July 19, 1983 issue of *American Banker*.

In a statement issued to the shareholders of the bank, Ferguson stated:

"In February of 1982, one of our banks began purchasing a third party paper from a corporation licensed by the Department of Banking of the State of New Jersey, engaged in the business of insurance premium financing. . . . In early June of this year [over a month after Mamarella's extortion arrest in Chinatown—ed.], we began to question and investigate the authenticity of that paper. . . . At the present time, outstanding obligations total approximately \$15.5 million. . . . We are continuing to receive payments and, in the opinion of our counsel, unpaid balances, if any, after comprehensive collection efforts, will be covered by our blanket and fidelity bonds."

And what were those "comprehensive collection efforts" referred to by Ferguson?

According to Kwitny and other sources, from the very outset of the scam, Mamarella regularly reached out to his mob sponsor Joseph Paterno (a New Jersey syndicate captain who had fled to Fort Lauderdale, Florida to avoid a state court subpoena) and to other criminal elements, to help recover First Fidelity's missing funds.

For Mario Stacchini, a New Jersey restaurateur, and Anthony Turano, a New York shoe manufacturer who used his business as a distribution point for Sicilian-refined heroin, these "comprehensive efforts" cost them their lives. Both Stacchini and Turano were forced by Mamarella's mob high-erups to take out personal life insurance policies as "collateral" on their First Fidelity loans once they had fallen behind on their payments.

In Turano's case, he was arrested by U.S. Drug Enforcement Administration agents in late 1982 in New York City as he was about to take possession of 15 kilos of Golden Triangle heroin, purchased with \$290,000 provided by Mamarella. He was clearly in no position to keep up with his payments. However, when his body appeared in the trunk of an abandoned car in Queens, New York, the mob, Mamarella, and First Fidelity all collected on a \$1 million insurance policy.

Organized crime watchers are waiting to see whether the Kwitny series will force the Newark, New Jersey office of the U.S. Attorney to reopen the Mamarella affair—with a focus this time on the role of First Fidelity Bancorp. in the scheme. Meanwhile, reports from federal investigators suggest that a totally separate probe, involving another insurance scammer, Leo Israel Bloom of Pennsylvania and the Virgin Islands, will soon implicate officials of First Fidelity in a criminal conspiracy remarkably similar to the Mamarella operation.

## Robert Ferguson: banker to the mob

Is casino gambling in New Jersey linked to organized crime? As one New Jersey law-enforcement official put it, the allegation is ridiculous. Casino gambling *is* organized crime. In New Jersey, its leading spokesman has been Robert Ferguson of First Fidelity Bancorp.

A few of the "links" between organized crime and casino gambling have lately been coming out. In June 1985, investigators for the New Jersey state police testified to the President's Commission on Organized Crime that four Atlantic City casinos were giving kickbacks to junket operators associated with organized crime families who bring patrons to the casinos. In a separate case, a New York indictment named four Atlantic City casinos, including two under investigation in New Jersey, as receiving deposits of more than \$3 million in small bills from heroin and cocaine sales as part of an international money-laundering scheme.

Caesar's, Claridge, Sands, and Tropicana were identified as using junket enterprises with connections to a network operated by the Bonanno crime family.

Sgt. William Kisby of the New Jersey State Police testified that kickbacks of \$200 per bus and \$2,500 per plane were being paid to illegitimate operators and that a "massive network" coordinated by the Bonanno family was operating the system. He said that five other families were involved, the Buffalino family of northwest Pennsylvania, the La Rocca family of Pittsburgh, the Bruno family of Philadelphia, and the Patriarca family of New England.

Drug Enforcement Administration investigations brought before the President's Commission revealed that Maurice "Peanuts" King, a Baltimore heroin trafficker, used the Resorts International Casino in Atlantic City in effect as a bank to invest over \$400,000 in heroin street money in businesses and real estate, also exchanging small bills from street sales for \$100 bills. At first, Resorts classified King as a "Class 5" or off-the-street gambler, but later, as his heroin business grew, and more money flowed into the casino, his status changed to that of a "Class 1" gambler or "high roller." This entitled King to as many as 12 rooms at Resorts with complimentary food and drink.

The Golden Nugget, Tropicana, Caesar's World, and Bally's Park Place were also used to launder at least \$3 million in proceeds of "Pizza Connection" heroin and cocaine