

## The 'sleaze factor': It's taken over the Democratic Party

by Jeffrey Steinberg

It began during the 1984 presidential contest, when the issue of Democratic Party vice-presidential nominee Geraldine Ferraro's longstanding family ties to organized crime emerged as a loud background noise during the heated final days of the campaign. When wrong-doing emerged in the Republican camp sometime earlier, the pundits of the press quickly gave it a catchy name: the "sleaze factor."

Now; nearly two years after the runaway Reagan-Bush victory over Mondale-Ferraro, the "sleaze factor" has become a nationwide characteristic of the official Democratic Party—one that appears to have spread into every corner of the party. From New York City and State to Chicago and out to the West Coast, startling revelations are coming to the surface, principally through a string of aggressive federal investigations, of ties between top officials of the Democratic Party—and of the Anti-Defamation League of B'nai B'rith—with the top brass of organized crime.

Not surprisingly, a close correlation has also emerged between the "sleaze factor" in and around the Democratic National Committee and those Democratic Party officials who have conducted the most hysterical and illegal actions against the citizen-candidates movement associated with 1988 Democratic Party presidential candidate Lyndon H. LaRouche, Jr.

After an unsuccessful 1980 bid for the Democratic Party presidential nomination, LaRouche helped to found the National Democratic Policy Committee, a group that has supported thousands of candidates running for local, state, and federal office. According to an NDPC spokesman, the political action committee is devoted to returning the control of the Democratic Party to the disenfranchised majority of traditional ethnic minority, and blue collar voters whose politi-

cal views are in deep conflict with the radical-liberal policies of the current party national leadership—a leadership now apparently being exposed as a virtual arm of organized crime.

On June 12, the *New York Daily News* revealed that the New York State Democratic Party leadership had launched "Operation LaRouche," aimed at throwing up every roadblock imaginable to prevent a slate of several dozen LaRouche-backed candidates from achieving ballot status for the September primary elections. Adding his personal stamp of approval to the "sleazy" operation, Gov. Mario Cuomo delivered an anti-LaRouche diatribe at a breakfast event during the recent state party convention.

If the Justice Department insiders who spoke to *EIR* this month are right, then Governor Cuomo may have very well placed his foot in his mouth. According to sources in both Washington, D.C. and Manhattan, the governor's name has now arisen in mushrooming city and state financial scandals that have already seen over 22 top officials of the Ed Koch administration in New York City resign since last September, many of them on their way to criminal indictments.

If these reports are accurate, then the LaRouche-associated slate in New York could ride into another series of primary upset victories on the heels of the scandal.

### New York's PVB scandal

The current round of scandals first broke into the public light on Jan. 10 when Donald Manes, the late Queens Borough president, was first identified as being at the center of a kickback scandal around service contracts issued by the city's Parking Violations Bureau. Manes allegedly committed suicide March 13 on the eve of an expected indictment for accepting \$540,000 in bribes in return for securing PVB

contracts for some of his cronies, including former Cuomo campaign manager for Queens, Michael Dowd. Despite efforts by New York Mayor Koch to bury the scandal along with Manes, the "sleaze" spread. By late March indictments were handed down against former Koch Deputy Mayor Stanley Friedman, and three former top officials of the PVB, Michael Lazar, Lester Shafran, and Geoffrey Lindenauer.

In the midst of the Manes-centered phase of the scandals, federal prosecutors began probing the hospital administrator's job held by Manes's wife. Sources have told *EIR* that the hospital was financed by Bank Leumi, and that the Manes job was a *quid pro quo* for the bank financing. Bank Leumi of New York currently lists the law firm of Andrew Cuomo, the governor's son and one of his top campaign officials, as its counsel.

On April 26, the *New York Post* published the first evidence of direct Koch involvement in the financial dirty dealings inside his administration. Koch was personally linked to the signing of a special exemption on a Times Square office building, owned by Lazar, that blocked the building from being condemned as part of a midtown renovation program. As the result of Koch's signature, Lazar and his partners walked off with a cool \$14 million in clear profit. The magnitude of the scandal was compounded when reporter Ray Kerrison discovered that the building was occupied by the PVB.

On April 15, the *Post* had hinted that the real estate boom was at the center of the city-state scandal, when it published an exclusive report on the over \$4 million in campaign contributions that were funneled into the Board of Estimates, the city's real estate authority, from several dozen of the city's largest construction and management companies. Mayor Koch was the personal recipient of \$1.4 million in campaign funds from New York real estate biggies—many of whom have been linked to the international drug money-laundering business in the bestselling book, *Dope, Inc.*

The magnitude of potential corruption surrounding the city Board of Estimates prompted U.S. Attorney Rudolph Giuliani—whose office has spearheaded the crackdown on corruption—to publicly characterize the board as a "built-in conflict of interest." "Some congressmen have gone to jail for doing the kinds of things that are permitted in New York," he added.

### **The Pittsburgh connection**

Ironically, the dimension of the New York scandal that may most readily blow up in Governor Cuomo's face centers around a major construction contract being offered by the city of Pittsburgh, Pa. Mattone Group, Ltd., a New York City construction firm, was well on the way to securing a \$414 million contract to expand Greater Pittsburgh International Airport into what would become a major East Coast customs port, when a *New York* magazine article described Mattone executive Nicholas Sands as a "godson" of organized crime boss-of-bosses, Carlo Gambino, the late chief of

the Gambino family. Sands was a top official of the Cuomo for Governor campaign, and, subsequently, a chief fundraiser for the Geraldine Ferraro vice-presidential effort.

When the magazine piece hit the stands, at least one member of the Allegheny County Board, Barbara Hafer, decided that an investigation was in order. As the result of that investigation and controversy stirred up around it, Mattone Group, Ltd. lost the bid.

Representing the Mattone Group and Nicky Sands in the Pittsburgh area was a local attorney, Philip Baskin, who is also the director of the local chapter of the Anti-Defamation League. The Baskin firm, Baskin, Flaherty, Elliott and Manino, was a spinoff of a law partnership that Baskin had maintained with former Bronx Borough President Stanley Steingut and John Sears, briefly the campaign manager for the 1980 Reagan-Bush campaign.

Sources familiar with the New York-Pittsburgh "sleaze" probe report to *EIR* that the Baskin-Steingut connection has opened up a Pandora's box of new leads tying directly back into the construction industry in a half dozen major urban centers around the United States. According to these sources, the ties of several major insurance companies, who have served as insurers and underwriters of major urban development projects, to organized crime-controlled contractors will soon emerge as a scandal making the Manes-Koch affair look mild in comparison.

These sources further report that the insurance company "connection" that rocked the Israeli financial establishment in recent months, and will reveal the existence of a massive Russian-Israeli mafia organization based in Brooklyn and Long Island. That "Russian Mafia" has already been implicated in a series of indictments handed down last December, involving gas tax evasion up and down the East Coast. One such insurance company, Union Indemnity, went belly up as a result of the December indictments, and a second insurance company, Dome Insurance of the Virgin Islands, collapsed in April of this year as a result of the original case.

If, as the sources have reported, the insurance industry ultimately emerges at the center of the Democratic Party "sleaze" scandal, some of the nation's most powerful financier circles will come directly under the prosecutorial gun for the first time.

U.S. Attorney Giuliani, himself once an assistant attorney-general, has a great deal of backing inside the DOJ headquarters in Washington, D.C. He has already shown a great deal of courage and prosecutorial savvy in his pursuit of several major Israeli gun-running cases. If the momentum continues in the Koch-Cuomogate affair, American politics may never be the same. Freed from the legacy of "sleaze"—which some Democratic Party sages trace back to the administrations of New York Mayor Fiorello LaGuardia—the Democratic Party could go through a rapid cleanup and revival. That might even breathe some life back into the American two-party system.