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HEADLINE: DID THE FBI HINDER THE INVESTIGATION INTO THE 1980S JAI ALAI
KILLINGS?
A TALE OF MURDER AND FRUSTRATION

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BODY:

Two months after the Mafia-style execution of Roger Wheeler, Bible Belt millionaire and owner of World Jai Alai, investigators hundreds of miles apart got what would prove to be their most credible, enduring and yet frustrating lead.

Wheeler, they were told, was shot between the eyes on the orders of a gang of Irish thugs from Boston. That was in 1981. There have been six more killings since then linked in some fashion to World Jai Alai, the Miami-based company that owned the now-closed Hartford fronton and four others in Florida. The original police tip about thugs from Boston is, if anything, more credible than ever. An arrest in the homicide is just as remote.

But one aspect of the Wheeler investigation has changed. Detectives from Connecticut, Oklahoma, Massachusetts and Florida say they now know why so many promising leads came to dead ends in Boston: The prime suspects in the Wheeler killing turned out to be prize informants for the FBI.

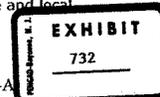
FBI agents in Boston were so consumed by their own pursuit of the local Mafia, Wheeler investigators say, that they squelched information linking the informants to the killing. In doing so, they prevented the investigators from interviewing a witness who claimed to have evidence crucial to the Wheeler case -- a witness who himself was killed soon after talking with the FBI.

The witness' statement, given to the FBI seven months after Wheeler was killed, implicated the informants -- James "Whitey" Bulger and Steven "The Rifleman" Flemmi -- and H. Paul Rico, the FBI agent who recruited them, in a conspiracy to murder Wheeler.

Moreover, the statement suggested a broader conspiracy by organized crime to infiltrate the jai alai industry, a scheme Connecticut investigators had been trying to crack since 1976. The motive for Wheeler's killing, according to the witness, was protecting a \$1 million-a-year skimming operation at World Jai Alai.

The information came from Edward Brian Halloran, a disaffected Winter Hill leg breaker whom the FBI spent six weeks debriefing. Rather than share his information with the agencies investigating Wheeler's killing, the FBI decided Halloran was not credible and put him back on the street. The other agencies never got a chance to interview Halloran themselves, either: Soon after the FBI cut him loose, Halloran was gunned down in an apparent mob hit in South Boston.

Bulger and Flemmi, on the other hand, seemed blessed by good fortune. State and local



detectives could not get to them. Three times in the early 1980s, Massachusetts State Police detectives tried to bug the pair; and each time, Bulger and Flemmi seemed to learn in advance of the hidden microphones. Eventually, the detectives were assigned to an FBI task force and put to work on cases not involving Bulger and Flemmi.

Other out-of-town detectives believe they were followed by the FBI when in Boston to investigate links between the Winter Hill Gang and World Jai Alai.

Rico declined to be interviewed for this story. He said any talking he does about Bulger, Flemmi and World Jai Alai will take place at a continuing hearing in federal court in Boston that is examining, among other things, how the FBI used informants.

The experience of the Wheeler investigation -- 16 years of frustratingly futile work -- has left a particularly bitter taste with state and local detectives. At first, the detectives were inclined to ascribe the FBI's conduct to inter-agency rivalry or poor judgment. Now, they say, they believe the bureau's motives were something worse.

"In some cases I think you can probably say it was stupidity on their part," a Massachusetts detective said. "But, you know, it's not possible that they could be that stupid for that long."

Said a Connecticut investigator: "You can't justify not solving a murder case in order to do another kind of case. At least you shouldn't."

Federal prosecutors and the FBI say they are prevented by a court order from discussing the Wheeler case. The Department of Justice has assembled a team of investigators who have been trying to figure out exactly what an earlier generation of FBI agents and prosecutors did during the jai lai cases.

State and local detectives who discussed the case do not to be identified for a variety of reasons. Some don't want a public dispute with the FBI. Others anticipate being subpoenaed to testify about the case in the future. Still other retired officers don't want to be drawn into a continuing debate about a years-old case.

Investigators on the jai lai case, notably those from the Connecticut State Police and the Tulsa Police Department, followed leads about murder, drug dealing and money laundering across the country and to Switzerland's secretive banks. But when the leads played out, it was always in Boston where they died.

Boston, coincidentally, is where the plan to bring jai lai to the United States was conceived.

Mob Moves On Jai Lai

Jai lai in the United States, a South Florida institution for most of its history, was developed by a group of wealthy Bostonians. It was financed by the First National Bank of Boston, a leading name in American banking -- until the bank pleaded guilty to laundering \$1.2 billion, much of it the mob's, in 1983. The investors ran their company, World Jai Alai, without change for decades, often taking advice from their bankers.

In the early 1970s, World Jai Alai directors decided to find professional business leadership for the company. To assist in their search, they hired a Boston-based consulting company owned in part by John B. Callahan, who, police informants and other witnesses said, was then an associate of and financial adviser to the Winter Hill Gang, a criminal gang of Irish thugs from around Boston. Callahan emerged as the leading contender to become World Jai Alai's chief executive.

The directors hired Callahan after a contentious vote in December 1974; his employment was approved by one vote after a director had a last-minute change of heart.

Callahan immediately hired his partner from the consulting business, Richard Donovan, to be his second in command. He hired Rico, the retired FBI man, as vice president and security chief. He appointed the director who had changed his vote to a senior position in the company.

Suddenly World Jai Alai was changing faster than people could keep track of. Under Callahan, administrative costs grew by \$1 million annually, the result of a pattern of hiring his detractors in the company described as cronyism.

For example, Callahan hired Boston pal Brian McNeeley, another reputed Winter Hill associate, as head of World Jai Alai's food and beverage operation in 1975. McNeeley is described in a police report as "a brawler and strong arm bouncer type individual, hardly the type of person to handle mathematics necessary to direct the food and beverage accounts of World Jai Alai."

McNeeley was ultimately let go by World Jai Alai. After his departure, he was arrested in connection with a series of crimes in the Miami area, then he dropped from sight.

Callahan also hired a computer consultant from Boston. He was paid \$50,000, which his peers at World Jai Alai thought was fairly generous in the middle 1970s. Investigators have not been able to figure out exactly what the consultant did. But the computer system became the subject of intense scrutiny as the possible vehicle for skimming money; a skim was never proved. The consultant has also dropped out of sight.

Until the proliferation of legalized gambling, jai alai was a profitable parimutuel business. Around the time Callahan was joining the business, the industry was trying to expand beyond South Florida. It became a hot item in Connecticut.

The state's General Assembly voted to legalize jai alai gambling in 1972. Before the first fronton opened in 1976, allegations surfaced that mob-connected businessmen from Florida were trying to expedite the Connecticut licensing process with a substantial cash payment.

Similar allegations surfaced in New Jersey, where the FBI's ABSCAM investigation turned up politicians willing to back jai alai for payola. A name that surfaced in New Jersey was that of Meyer Lansky, the elderly Murder Inc. alumnus who is credited with organizing organized crime. Lansky was then the most powerful gangster in Florida.

World Jai Alai decided to build a fronton in Hartford. Stung by the earlier allegations of corruption, Gov. Ella T. Grasso ordered state investigators to put World Jai Alai and any other potential fronton operator through a rigorous background process. The resulting investigation led to a break that would color everything that followed.

Trip To The Playboy Club

Callahan, then World Jai Alai's top operating officer, was a big, gregarious Boston Irishman with a captivating knack for storytelling. Connecticut State Police investigators examined his background, but much of that investigation relied on inquiries to Boston-based police agencies. They reported no damaging information on Callahan. It took a stroke of good fortune to lead police to the goods on Callahan.

In March 1976, Callahan was in Hartford on jai alai business. Bruce Haines, a state police

detective, and Austin J. McGuigan, the state's organized crime and political corruption prosecutor, took the opportunity to interview him in his room at the Sonesta Hotel on Constitution Plaza.

Callahan was amusing as ever, but cut the meeting short. He said he had to get to Bradley Field to catch a shuttle back to Miami. But there was no afternoon shuttle to Miami, as McGuigan and Haines knew. Haines told a detective to follow Callahan, who bypassed the airport altogether and ended up at Boston's Playboy Club, where he joined a group of Winter Hill Gang members.

Connecticut detectives joined the Boston Police Department and mounted surveillance of Callahan. Surveillance logs show that, in March 1976 alone -- the height of licensing proceedings in Hartford -- Callahan was seen meeting with Winter Hill members such as John Martorano and Halloran 10 times.

Connecticut investigators, planning a bit of legal theater, wanted to spring the surveillance logs on Callahan during the spring of 1976 when he was scheduled to testify before state gaming regulators considering his Connecticut license. Somehow, Callahan and World Jai learned of the ostensibly secret surveillance, and Callahan did not show for the hearing.

Rico and Donovan appeared instead and announced that Callahan had resigned from World Jai Alai to pursue other interests. That apparently satisfied state gaming regulators, who licensed World Jai Alai's Hartford fronton.

During Rico's testimony, McGuigan demanded to know how World Jai Alai learned of the results of the surveillance. Rico declined to answer, and the state gambling regulators declined to make him. Much later, Rico told the FBI he learned of the surveillance from "sources" in Boston and that he told World Jai Alai about it to spare it embarrassment.

Dead Fish And A Bullet

Changes at World Jai Alai continued. The stockholders, led by Boston native Alan Trustman, author of the Steve McQueen screenplays "Bullitt" and "The Thomas Crown Affair," ultimately decided to sell the business.

There were two curious events about the time of this decision. Trustman became alarmed after finding a dead cod on the bank of his freshwater pond, far from the ocean in Concord, Mass. Another World Jai Alai officer found a bullet on his front step. Forensic analysis showed that someone had taken the trouble of firing the bullet from a gun into a soft substance before placing it on the step.

Rico became a key player in the effort to sell World Jai Alai. The first potential deal involved a man named Jack B. Cooper.

Not long before, a lengthy organized crime investigation in South Florida had identified Cooper as a business associate of Meyer Lansky. Rico had participated in that investigation, a Florida detective who supervised the case said, as an FBI expert on organized crime.

Rico's attorney, William P. Cagney III of Miami, said Rico pursued the sale to Cooper because the courts in Florida had ruled that Cooper, regardless of his business associations and criminal record, was a licenseable gaming operator under Florida law.

The negotiations with Cooper ultimately were killed by bad publicity when word leaked to enforcement and news reporters that an associate of Meyer Lansky was trying to buy a substantial portion of the American jai alai industry.

The next suitor was Bally Manufacturing, the country's leading maker of slot machines. That sale died the same death amid disclosures that Bally had unsavory connections to organized crime figures.

With sales twice quashed by bad publicity, World Jai Alai's bankers from First National Bank of Boston entered the talks. The bank's loan officer identified Wheeler as a prospective buyer. Wheeler found the deal attractive and, with a loan from the bank, he bought World Jai Alai in December 1977 for about \$60 million.

Take Her Up For A Spin

Wheeler, chairman of Telex Corp. who made a fortune in electronics, oil, mining and other interests, signed the sales contract in spite of a curious clause inserted by the bank. It prevented Wheeler from tinkering with World Jai Alai's top management. The clause said that if for some reason Wheeler wanted to fire Richard Donovan, who was Callahan's replacement as chief executive, the bank reserved the right to reinsert Callahan. The clause was written after Callahan had resigned from World Jai Alai amid disclosures about his ties to the Winter Hill Gang.

Wheeler closed the deal anyway, perhaps because there were questions about enforceability of the clause. He also told his family he felt protected because there were so many ex-FBI agents working for World Jai Alai -- chief among them Paul Rico.

But Wheeler had not been long established as owner when he began expressing concerns about his safety and the possibility that criminals had penetrated the business and were stealing money. That behavior is documented by investigative reports and a family member.

Wheeler was a hard-nosed businessman. If there was one thing he could not abide, it was the thought of someone stealing from him. In conversations with trusted associates, he expressed concern about a skim and began toying with the idea of changing the company's leadership. He had an unfocused fear about the New England Mafia.

Events connected with Connecticut's fledgling jai alai industry could not have been reassuring. The state police had redoubled investigations of possible game fixing, suspected skimming and possible links to the Winter Hill Gang. By 1980, Wheeler had decided to sell the Hartford fronton. He hoped such a move would cut World Jai Alai's geographical link to the New England Mafia, while grouping his four remaining frontons in Florida.

Wheeler spoke continually with Connecticut State Police detectives. He recorded his telephone calls and trained his staff in stress analysis so they could review the recordings and speculate about who was lying to him. He became so concerned for his safety that he once had his pilot take his private jet up for a spin around the airport in Tulsa before he boarded a flight to Connecticut.

Target: Angiulo

While authorities in **Connecticut** focused on **jai alai** irregularities and the Wheeler killing, the **FBI** was reaching a critical point in its years-long investigation of Jerry Angiulo, who as underboss in Boston for New England's Patriarca crime family was the city's Mafia captain. As Raymond Patriarca's man in Boston, Angiulo controlled the Italian mob's extensive gambling and loansharking rackets in eastern New England. The bureau had been after the slippery Angiulo for decades. In the early 1980s, the **FBI's** Angiulo investigation would cement the bureau's relationship with Bulger and Flemmi.

Patriarca, Angiulo and the Italian mob firmly established themselves as the undisputed criminal power in Boston after a bloody war between rival Irish mobs in the early 1960s. Winter Hill was victorious in the Irish war, but remained subservient to Angiulo. By the 1980s, Bulger and Flemmi, by virtue of being alive, out of jail or not hiding from the law, were the de facto Winter Hill leaders.

The Winter Hill gang established a complicated relationship with Angiulo's Italian mob. The Irish gangsters had to pay a percentage of whatever they earned to Angiulo. But they also did "work" -- the odd strong-arm job or killing -- for the Italians. As a result, Bulger and Flemmi became intimately familiar with Angiulo's operation.

When Rico recruited Bulger and Flemmi as informants for the FBI, it was the beginning of the end for Angiulo and his crew. The work they did, in fact, may make them the FBI's most important Boston informants ever. They are credited with providing the information the bureau needed to install bugs in Angiulo's northend Boston headquarters.

No one disputes that Angiulo ran an extensive bookmaking and loansharking operation in eastern Massachusetts. But there is disagreement about who was the most violent and clever criminal force in Boston -- Angiulo and his crew or the FBI's two pet informants. In the very wiretaps Bulger and Flemmi helped make possible, they are described by Angiulo and his associates as two of the Italian mob's most trusted hired killers.

By 1980, Bulger and Flemmi were giving the FBI the evidence it needed to install hidden microphones in Angiulo offices. In 1981, the bugs were in place and a federal grand jury was investigating the Angiulo operation.

He Has To Die

There was another event in 1981, in January, that, if it really happened, would bear out Wheeler's gravest fears. Longtime Winter Hill gangster Edward Brian Halloran said he was summoned to a meeting with Callahan, Bulger and Flemmi. Halloran told no one in authority about the alleged meeting until a year later, when he described it to the FBI.

When taking the information from Halloran, the FBI reduced it to a written report. But the bureau, according to other police agencies, did not share that information. The Courant has obtained a copy of the FBI's report. Information in the report cannot be independently verified, but Halloran's account follows:

Callahan telephoned Halloran and asked for a meeting at Callahan's apartment at 10 Commercial Wharf in Boston. When Halloran arrived, he found Callahan, Bulger and Flemmi present. They exchanged pleasantries. Then Callahan got to the point: He said Wheeler had to be killed.

Callahan said he had an "operation" at World Jai Alai that Wheeler was threatening. In Callahan's opinion, Wheeler had become so dangerous to the operation that he could put Callahan in jail. Wheeler had to be "moved on," Callahan said, because he had discovered something was not right with World Jai Alai.

Callahan said Wheeler had begun to fire Callahan's people at World Jai Alai and replace them with his own. Big money, \$1 million or more, was at stake, Callahan said. He said that if Wheeler was "moved on," Callahan would have no trouble controlling his World Jai Alai operation.

Flemmi chimed in. He predicted friends of the Winter Hill Gang at World Jai Alai would fold under the pressure if Wheeler called the police. Halloran got the impression that Bulger and

Flemmi either had, or were about to get, a piece of the World Jai Alai action.

Callahan said that he, Bulger and Flemmi were going to get Wheeler set up and "take him out of the box." Callahan said he wanted Halloran to "whack" Wheeler. Callahan described Rico as a close associate who would probably set Wheeler up. Flemmi said that he trusted Rico, whom he had known since he was a "kid." Callahan said that gang member John Martorano knew about the plan and would probably take a part.

The meeting lasted about an hour. Halloran said he did not agree to kill Wheeler and asked whether the problem could be resolved without "hitting the guy." Halloran said it was his impression that Bulger and Flemmi believed Wheeler had to be killed. Halloran said he left the meeting with the impression that the group would discuss the matter again in the near future.

Two weeks later, Callahan called Halloran again. Callahan told him the group had decided it would be best if Halloran did not participate in the Wheeler hit. Callahan paid Halloran \$20,000 in \$100 bills simply for attending the meeting.

Meanwhile, business at World Jai Alai proceeded as usual. As the spring of 1981 unfolded, Wheeler continued to behave in a manner disturbing to anyone stealing money. In March, he sold the Hartford fronton. In May he sent a son to World Jai Alai headquarters in Miami to evaluate the company computer system. He told his son he suspected something was amiss with the business. He asked his son to "keep his ears open" while in Miami.

Late in the afternoon of May 27, Wheeler walked out of Southern Hills Country Club in Tulsa after his customary Wednesday round of golf. Two men watched from a nearby parked car. Wheeler slid into his Cadillac. One of the watchers, carrying a paper bag, approached Wheeler as if to speak. He stuck the bag in the Cadillac driver's side window and, with the pistol it contained, shot Wheeler between the eyes from a distance of about 2 inches. The killer walked back to his car and drove away with his accomplice.

Halloran Wants Out

Wheeler's killing was big news. Reports across the country described it as a mob hit. Reporters probed possible links to the jai alai industry. Connecticut detectives redoubled their skimming and game-fixing investigations, thinking therein lay the motive for the killing. Tulsa detectives pored over physical evidence and teamed up with Connecticut.

Two months later, in July 1981, Tulsa and Connecticut investigators got their first tip from sources in Boston that the Winter Hill Gang was somehow involved. But the investigation went no further.

In January 1982, a year after allegedly meeting with Callahan, Bulger and Flemmi, Halloran showed up at the FBI offices in Boston and announced that he wanted to tell his story about the contract to kill Wheeler. Halloran's life, such as it was, was coming apart.

He had been arrested and charged with murder in the killing of a convicted cocaine dealer in Boston's Chinatown. Halloran had become more a user than seller of cocaine. He had so antagonized some of Boston's other Irish gangsters that he was convinced they were planning to kill him. He wanted to cooperate with the authorities and join the federal witness protection program.

The FBI began a six-week debriefing of Halloran, moving him from safehouse to safehouse around the Boston area. They introduced him to Jeremiah O'Sullivan, who led New England's federal organized crime strike force. At the time, O'Sullivan and the FBI were building their

case against Angiulo, the Patriarca underboss in Boston. Halloran had no way of knowing that Bulger and Flemmi, two of the men he was implicating in Wheeler's killing, were the government's ace informants in the Angiulo case.

Halloran said Callahan had been friendly with Winter Hill members, including Bulger and Flemmi, since 1974. In fact, Halloran said, it was he who introduced Callahan to the mob. The mob liked Callahan, he said, because Callahan was a "fun guy" who liked to party, had a lot of "broads" and spent a lot of money. Halloran said Callahan volunteered to permit himself to be robbed as he carried jai alai proceeds from his office to the security company that handled the money.

To corroborate his story, Halloran agreed to be fitted with a hidden microphone and chat with Callahan and others, to engage them in incriminating statements about the Wheeler killing. But no one would talk to Halloran. Word had spread around Boston's underworld that he had become an informant.

O'Sullivan and the FBI decided that, without corroboration, Halloran was not a credible witness. They denied him entry to the witness protection program. They also did not disseminate the report of his debriefing to other agencies working the Wheeler killing and jai alai cases.

On May 12, 1982, while sitting in a car outside the Topside Bar on Northern Avenue in South Boston, Halloran and a friend, Michael J. Donahue, were ambushed and shot dead. Halloran made a dying declaration to the first Boston police officer to arrive at the scene. He named the man he thought shot him, another Winter Hill associate, but the man was later acquitted at trial.

With Halloran's very public execution, word of his cooperation with the FBI began to leak out, bit by bit. It was widely suspected in the underworld. There were sketchy press reports that Halloran was an informant. Other informants told Massachusetts and Connecticut state police a version of the Halloran-Callahan-Bulger-Flemmi meeting that was strikingly similar to Halloran's.

The informant information picked up by Connecticut and Massachusetts state police was shared by the two agencies and with the Tulsa Police Department, which had primary jurisdiction over the Wheeler homicide. But the state and local police agencies said the FBI did not disclose to them the report of Halloran's debriefing. Months after Halloran was killed, a federal prosecutor confirmed that Halloran had tried to join the witness protection program -- but by then, it was too late to re-interview Halloran.

Few Witnesses Alive

With the information they had, detectives in Tulsa, Connecticut and Massachusetts became more convinced than ever that Wheeler's death was related to some sort of Winter Hill skim from World Jai Alai. But they were running out of live witnesses. They needed someone linked to the plot whom they could roll over on the others. Almost simultaneously, they zeroed in on Callahan.

While the **FBI** was working with Bulger, Flemmi and Halloran, detectives in **Connecticut** were writing an investigative book on Callahan. They learned he was traveling regularly from Boston to South Florida. He was speaking with Lansky's man, Jack B. Cooper; there is some indication he may have been part of Cooper's attempt to buy World **Jai Alai**. And Callahan was a visitor to Switzerland.

Swiss employees of some swank European strip joints said Callahan had become a well-

known customer beginning in 1981. They said he dressed to the nines, wore flashy jewelry, drank the best champagne and tipped generously with crisp \$50 bills. Sometimes, after closing, he entertained the performers at his hotel. In Geneva, Callahan was considered a real nice guy.

On the other side of the earth, the U.S. Drug Enforcement Administration said Callahan was a suspect in narcotics smuggling. Callahan, drug agents said, was tailed to a California hotel in 1979 where he is suspected of setting himself up in order to coordinate a ground crew unloading narcotics at a remote air strip. For reasons that are not clear, the drug delivery never materialized and no arrests were made.

No Bets On Callahan

The detectives working the jai alai cases had high hopes for Callahan. He had never been arrested. They figured he might cooperate if confronted with a long stretch in jail. The problem was, no one could find him. The detectives were starting to fear that Callahan, too, was dead. More sanguine officers in Florida bet in an office pool on how long Callahan would live.

In the summer of 1982, state and local detectives descended upon Boston in search of Callahan. They had no luck. In July, two Tulsa detectives, two detectives from the Connecticut State Police and a Massachusetts State Police detective decided to interview O'Sullivan, the strike force head leading the case against Angiulo.

The detectives wanted to know more about the snippets of information they had heard suggesting Halloran might have had information about the Wheeler killing. They complained to O'Sullivan that the FBI was holding out on them. Two detectives made notes on the meeting.

O'Sullivan conceded that Halloran had tried to get into the witness protection program, but it appears the concession was reluctant at best. He first said he had learned third hand that Halloran was offered the murder contract on Wheeler. Later in the interview, O'Sullivan said he got that information directly from Halloran.

But the bottom line, according to O'Sullivan, was that Halloran's information couldn't be corroborated. He said half of what Halloran told the bureau was probably true. What's more, O'Sullivan said Halloran would not take a lie detector test and was probably tailoring his statements to keep what few remaining friends he had left out of trouble with the law.

O'Sullivan said nothing about Bulger and Flemmi.

The detectives still had no idea the two were top federal informants and were giving O'Sullivan the evidence he needed to bug Angiulo's phones and headquarters. But they raised doubts about the FBI and questioned O'Sullivan about whether the bureau could be trusted, particularly when it came to matters concerning the Winter Hill Gang. In a report written by one of the detectives, O'Sullivan "tried to downplay this."

What About Rico?

O'Sullivan did raise questions about Rico. He said Rico was "connected with the Winter Hill Gang" and had "formed close associations with them while working for the Boston FBI." But, O'Sullivan qualified his answer, saying Rico was "connected" to Winter Hill members at a time when the FBI had no jurisdiction over the gang's activities. Finally, O'Sullivan said Rico was "somewhat of a rogue and would go drinking and playing pool with the subjects such as Bulger and Flemmi."

When questioned for this story about meeting the detectives in 1982, O'Sullivan first said he couldn't remember what was discussed. When informed there were notes on the meeting that might prod his memory, he said the matter was confidential. Rico's attorney said that if Rico was associating with Winter Hill members, it was because he was cultivating them as informants.

The detectives left Boston no closer to finding Callahan than they had been back in Connecticut and Oklahoma. But they kept working.

Connecticut prosecutors and state police, aware that there was a Florida grand jury looking at jai alai, began formulating plans to attack Callahan in conjunction with their Florida colleagues.

On Aug. 3, 1982, the Connecticut investigators flew to Miami. The day they arrived, Callahan's rotting body was found in the trunk of his Cadillac in the terminal garage at Miami International Airport. His killers had shot him repeatedly in the head and left a dime on his chest, a not-very-subtle message that whoever killed Callahan suspected he had dropped a dime to the authorities and become an informant.

Good Eats, No Help

Three months later, on Nov. 3, 1982, the Department of Justice organized a meeting in Tulsa. A year and a half after Wheeler was killed, Justice wanted the agencies involved to trade notes and crank the investigation up. Prosecutors and detectives from Connecticut, Massachusetts, Florida, Oklahoma and the federal government attended the three-day meeting. Justice paid the bill.

Participants said it was a curious gathering. They ate and drank well and slept in nice hotel rooms. But, they said, nothing much happened. It was as if the federal people were trying to learn what the state and locals had in the way of evidence.

The conference went snoringly until its conclusion, when a Justice Department moderator rose and announced that it was time for anybody with damaging information about Rico to speak up. Rico, the moderator said, was being called from retirement to serve as point man in an undercover investigation of a federal judge in South Florida. If there was any information that could damage Rico's credibility and weaken a potential case against the judge, the moderator said, the Justice Department wanted it.

Participants in the meeting, long leery of Rico, balked at the request. The Tulsa Police Department earlier had asked for a federal grand jury on the Wheeler homicide and that Rico be called as a witness. The Connecticut delegation, having recently heard O'Sullivan describe Rico as a "rogue" who palled around with mobsters, decided to leave as soon as the question was asked.

The meeting resulted in little more than a quick trip to the Bible Belt for a lot of out-of-town policemen. Not long after, the Wheeler investigation withered and the inquiry into the rest of the so-called jai alai crimes effectively died.

As years passed, detectives retired or were transferred to more potentially productive assignments, the unsolved killings moved to cold-case files.

The Angiulo prosecution was a stunning success. Bulger and Flemmi helped the FBI insert enough microphones into Angiulo headquarters that none of the gang's secrets were safe. Jerry Angiulo is serving a life sentence at the federal penitentiary in Leavenworth, Kan.

Bulger and Flemmi, many police sources say, became the most powerful criminals in Boston as the FBI systematically plucked their rivals off the street.

But the pair's luck eventually changed as the evidence piled up against them. Both are now under federal indictment. Flemmi is in jail awaiting trial and is said to be building a defense arguing that whatever he did, he did for the government. Bulger disappeared and is a fugitive.

Perhaps the lonliest detective in the country is Sgt. Michael Huff of the Tulsa Police Department, the only investigator actively working on the Wheeler case.

"I've stayed on this case since the moment of the first call on Wheeler's death from Southern Hills Country Club," said Huff, who has chased leads in Boston and Miami the last two years. "We've maintained an active case file and there has literally been not more than a week that goes by that investigation has not been followed up on. We're optimistic that there is a possibility of a successful closure on this case.

"If there is anyone with any information, they can call me, write me, e-mail me or whatever they want to."

Huff believes a continuing hearing in federal court in Boston, which is examining the FBI's relationship with Bulger and Flemmi, may be the last best hope for solving Wheeler's murder.

GRAPHIC: PHOTOS: (2 b&w) mugs
GRAPHIC: (b&w)
; PHOTO 1: Wheeler

PHOTO 2: Rico

GRAPHIC: The Halloran debriefing
* Excerpts from the lengthy statement reputed Winter Hill Gang member Edward Brian Halloran gave the FBI in 1982 concerning the gang's alleged conspiracy to kill former World Jai Alai owner Roger Wheeler Sr.

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FBI AGENTS FACE SCRUTINY BY PROSECUTOR QUESTIONS OF OBSTRUCTION IN JAI ALAI MURDER CASES

The U.S. Department of Justice has quietly assigned a federal prosecutor to decide whether FBI agents in Boston obstructed the investigation of a string of jai alai-related murders or otherwise broke the law in their relationship with two notorious informants.

The appointment of John Durham, the highly regarded deputy U.S. attorney in New Haven, suggests Justice Department concern over a growing scandal involving retired agents and their questionable relationships with gangster/informants *James "Whitey" Bulger* and Stephen "The Rifleman" Flemmi.

Among other things, Durham is expected to look into the apparent disappearance of evidence relevant to the nearly 20-year-old jai alai cases. Many investigators believe Bulger, Flemmi and their Winter Hill gang in Boston may have infiltrated World Jai Alai, which operated the fronton in north Hartford. The two former top echelon FBI informants have been suspects in the murders since the 1980s.

In one instance of missing evidence, according to investigators familiar with the matter, a document detailing payments believed to have been made by John B. Callahan, the murdered former president of World Jai Alai, cannot be located. It was last believed to have been in FBI custody. The sources would not elaborate on what one described as "the payoffs."

Investigative documents which could shed light on financial connections between World Jai Alai and the Winter Hill gang also are missing, the investigators said. Still other documents, stored elsewhere in the country, show signs of having been rummaged

through and it is not known if they remain intact, the investigators said.

Suggestions of missing evidence, when combined with a string of disclosures made over the last six months at a hearing in U.S. District Court in Boston, paint a disturbing picture of the Boston FBI office's relationship with Bulger and Flemmi. The pair became two of New England's most notorious gangsters while simultaneously working as two of the FBI's most important informants.

At the hearing before Judge Mark Wolf, a retired supervisor of the FBI's organized crime squad in Boston admitted taking \$7,000 and expensive gifts from Bulger and Flemmi. There has been testimony about bizarre social relationships between the gangsters and agents and about at least one leak of sensitive investigative information which may have led to a murder.

Retired agent John Connolly, once assigned to "handle" Bulger and Flemmi, invoked his privilege against self-incrimination rather than testify at the hearing.

Durham had little to say about his investigation.

"I've been asked by Washington to inquire into matters raised in the hearings before Judge Wolf," he said.

It is known, however, that Durham's assignment follows a largely ridiculed investigation last summer which was ordered by the Justice Department's office of professional responsibility and conducted by the FBI. The purpose of that investigation was to determine whether any current FBI employees broke the law in their dealings with Bulger and Flemmi.

Some of those interviewed in last summer's investigation dismissed it as superficial and destined to fail. The results have not been released.

Durham's investigation arises out of disclosures before Judge Wolf. It has no limits and could result in a racketeering indictment if evidence suggests a law enforcement conspiracy to protect Bulger and Flemmi from arrest.

The jai alai cases have for years been a compelling law enforcement who-done-it. The cases date to the middle 1970s, when the Boston-based owners of World Jai Alai, which operated the fronton in Hartford and others in Florida, decided to sell.

The owners hired Callahan as president. At the time, Callahan was an associate of the Winter Hill gang and was reputed to be the organization's financial expert. Callahan in turn hired retired FBI agent H. Paul Rico as his head of security. Rico was a legendary, if unorthodox, organized crime investigator from Boston who had recruited Bulger and Flemmi as informants.

Rico negotiated two potential sales, but both collapsed under bad publicity. The prospective buyers either represented or were rumored to be affiliated with organized crime figures.

Eventually, World Jai Alai's bankers arranged a sale to Roger Wheeler, a Tulsa, Okla. businessman who had made a fortune in the telecommunications industry.

Almost immediately, Wheeler began worrying that criminals from New England were trying to infiltrate his business. At about the same time, Callahan was forced to resign when authorities in Connecticut discovered his Winter Hill connections. Wheeler decided to sell his Hartford fronton and consolidate his operations far away in Florida.

Wheeler was shot between the eyes at his Tulsa country club in March 1981. Seven months later, a disaffected Winter Hill leg breaker named Edward Brian Halloran told the FBI that Bulger, Flemmi and Callahan tried to give him the contract to murder Wheeler. Halloran said additionally that Rico was in on the plan. Rico denies it.

Agents in the FBI's Boston office dismissed Halloran and never shared his information with investigators in Connecticut and Oklahoma, who were furiously investigating the Wheeler homicide. Shortly afterward, Halloran was gunned down on a Boston Street.

A retired FBI supervisor testified before Wolf last winter that he leaked Halloran's information, expecting that it would wind up with Bulger and Flemmi.

Two months later, Callahan's body was found stuffed in the trunk of his Cadillac at the Miami airport.

The hearings, which have reinvigorated the investigations, arise from efforts by Flemmi and three other gangsters to dismiss a 1995 racketeering indictment. The indictment was returned after the FBI, confronted by a mountain of evidence against Bulger and Flemmi, was forced to drop them as informants.

Bulger was also indicted. But Flemmi said Bulger was tipped off by a corrupt FBI agent and he remains a fugitive.

Flemmi is arguing that the charges against him should be dropped because the FBI promised him immunity for being an informant. His codefendants argue that the charges against them are based on a corrupt and improper relationship between the FBI and informants such as Bulger and Flemmi.

Caption:

Memo:

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Published: 07/23/1998 Edition: STATEWIDE
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 Section: MAIN Source: EDMUND MAHONY; Courant Staff Writer
 Column: Series:

SOURCES: GANGSTER ADMITS TO JAI ALAI KILLING

A powerful Boston gangster has admitted killing one-time World Jai Alai President John B. Callahan, providing the biggest break yet in a frustrating 17-year investigation of corruption and death in the jai alai industry, sources said.

John Martorano, 57, who shocked underworld associates last week when he decided to offer to cooperate with the government, has told detectives that he shot Callahan to death in Miami in 1982, law enforcement sources familiar with the matter said.

Under Callahan, World Jai Alai ran frontons in Hartford and south Florida.

Martorano's admission would have the potential to redirect the case, which in recent months has shifted much of its focus from mob penetration of the jai alai industry to allegations of corrupt behavior by FBI agents in Boston.

Investigators from agencies for various states, in particular state police detectives from Connecticut, have long complained that FBI agents in Boston impeded jai alai investigations in an effort to protect two bureau informants.

In fact, when making his offer to cooperate, sources said, Martorano said he would speak with Massachusetts State Police and agents of the federal Drug Enforcement Administration only if the FBI is frozen out of the relationship.

Martorano, his attorney, prosecutors and U.S. District Judge Mark Wolf were still arguing over the terms of Martorano's cooperation early this week. By mid-week, it was still not assured.

If his cooperation is forthcoming, a number of investigators associated with the jai alai cases over the years say, they believe it may be the best hope yet for closure of cases many have considered moribund for years.

According to the investigative theory shared by detectives around the country, the jai alai cases are a textbook example of organized crime's insidious ability to penetrate legitimate businesses and co-opt law enforcement agents.

Callahan, a high-living Bostonian, was president of World Jai Alai from 1974 to 1976. He was also an associate of Boston's Winter Hill gang.

About the time Callahan was at World Jai Alai, *James "Whitey" Bulger* and Steven "The Rifleman" Flemmi were taking control of the Winter Hill gang. Bulger and Flemmi also happened to have been, for decades, the two most important informants for the FBI's Boston division.

Callahan was forced to resign from World Jai Alai in 1976, after the Connecticut State Police caught him socializing with Winter Hill members at such night spots as Boston's Playboy Club.

Three years later, Tulsa, Okla., millionaire Roger Wheeler Sr. bought World Jai Alai. Almost immediately, he began expressing concern to friends, family and detectives in Connecticut that his business had been penetrated by gangsters who were raking off the profits.

In May 1981, Wheeler was shot between the eyes after a round of golf at his Tulsa country club.

A year later, Edward Brian Halloran, a disaffected Winter Hill associate who was trying to become a protected witness for the FBI, was gunned down on the Boston waterfront.

Halloran had told FBI agents that Callahan, Bulger and Flemmi arranged Wheeler's death to protect some financial "action" that Callahan had in World Jai Alai. Halloran said Martorano would be involved as would H. Paul Rico, an FBI agent who recruited Flemmi as an informant and then went to work for Callahan at World Jai Alai after retiring from the bureau.

Rico, through his attorney, has denied the accusation.

FBI agents in Boston decided that Halloran's information about

their two prized informants was not credible and denied him entry into the witness protection program. He was soon assassinated.

Two months later, Callahan's body was found in the trunk of his Cadillac at an airport garage in Miami. Whoever shot him left a dime on his chest, a message that Callahan's killers believed he was, or was about to become, an informer.

In the weeks immediately preceding Callahan's shooting, detectives representing Connecticut, Tulsa and the FBI were planning strategy to pressure Callahan into cooperating in the investigation of Wheeler's murder. They never got the chance.

Bulger and Flemmi were cut loose as FBI informants earlier this decade after accusations of their involvement in criminal activity became impossible to ignore. They were indicted for racketeering three years ago, along with Martorano and two other top New England gangsters.

Bulger is a fugitive. Flemmi has said Bulger was tipped to the indictment by a friend in the FBI.

Flemmi, Martorano and the others under indictment are trying in pretrial hearings to get the charges against them dismissed, arguing they are based largely on an improper relationship between FBI agents and the informants.

Disclosures at the hearings indicate that FBI agents repeatedly protected Bulger and Flemmi. The two informants were tipped off about a gambling investigation and kept out of a horse race-fixing indictment while socializing with and giving money and gifts to FBI agents.

There also was a strong suggestion, made under oath by an FBI agent, that Bulger and Flemmi may have been made aware that Halloran was providing information against them.

Flemmi is expected to testify next month, and investigative sources have speculated that that may have had some bearing on Martorano's offer to cooperate now.

At the time of Callahan's murder, Martorano was a fugitive on a race-fixing indictment and there is evidence he was living, at least part of the time, in a condominium Callahan owned in south Florida.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.) 22
THE HERALD AMERICAN
BOSTON, MA.

Date: 1/7/82
Edition: MORNING

Title: FRAMINGHAM STATE PRISON

Character:
or
Classification:
Submitting Office: BOSTON

Prison drug and gaming ring busted

By PAUL CORSETTI and JAMES G. WELCH

Male and female inmates at Framingham State Prison, using an inmate-controlled computer and telephone, allegedly "pulled the strings" on a New England-wide drug and gaming operation from within the prison walls.

Following a raid by 200 State Police troopers yesterday morning, 34 male inmates at the state's only male-female prison were transferred back to maximum-security jails and five people from towns outside Boston were arrested in connection with the ring.

A complete shakedown at Framingham was still taking place last night as investigators probed for more clues to the extent of the heroin-sports gambling operation.

Initial reports saying antiwar activist and inmate Susan Saxe was involved in the ring were dispelled late yesterday when a source said she was not a "ring leader" as had been alleged earlier.

In mid-April, according to Middlesex County Assistant District Attorney Peter Agnes Jr., state Corrections Commissioner Michael Fairbank outlined allegations of a corrupt prison

on that included the inmate-controlled ring.

Two State Police troopers, William Shaunnéssey and Robert Friend, began to review inmate telephone tolls from the prison and, in midsummer, pieced together a portion of the operation.

An October raid on a gaming "office" at 112 Salem St. in East Boston took police deeper inside the maze of the ring and, at that time, telephones of inmates used in the prison were tapped.

Although the investigation is far from complete, police say the heroin distribution ring originated with an organized-crime family in New York and allegedly involved organized-crime figures and convicted murderers Henry Tambo, 80, of Cranston, R.I. and Joseph V. Salvati, 49, of the North End.

Confiscated at five greater Boston locations yesterday were \$10,000 in cash, two automobiles, several weapons and 275 bags of heroin valued at \$13,500.

Arrested in connection with the ring were Salvatore A. Lonano and his wife, Darlene, of Somerville; Anthony Desimone of Boston; Stephen Summa of Malden and Joseph Curcuro of Billerica, all charged with various drug offenses.

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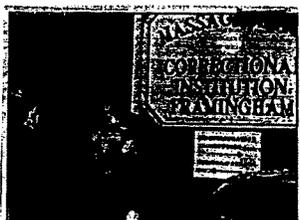
EXHIBIT
733

Prison raid Drug, gambling center

State troopers converged on Framingham early yesterday as part of what officials called the largest coordinated law enforcement operation in the history of Massachusetts to crack down on organized crime. Additional smaller raids were conducted yesterday in the metropolitan Boston area, in which drugs and firearms were confiscated and arrests made. "Project Upper Crust," as law enforcers called it, culminated years of investigation, according to the office of Middlesex Dist. Atty. John J. Droney, which coordinated the effort. Much secrecy surrounded the operation at the Framingham facility, which officials said was aimed at an alleged narcotics and gambling operation. As of last night, officials were not disclosing the names of inmates, prison staff members or outsiders believed involved in illegal activities.

Middlesex County Assistant Dist. Atty. Peter W. Agnes said at an early afternoon press conference yesterday that "a major narcotic drug network in the Boston and Boston metropolitan area was being conducted by inmates at MCI Framingham in association with other persons whose identity cannot be revealed at this time. There were early reports yesterday from officials involved in the Framingham raid that these inmates had used the facility's computer room for narcotics and gaming operations and that prison staff members did not have a key to that room. One law enforcement official said the inability of correction officers to unlock the door to the room had been the subject of complaints to Correction Department officials for several years. Investigators were not certain if the computers themselves were used to process information about gaming and narcotics.

(Indicate page, name of newspaper, city and state.)
 THE BOSTON GLOBE
 BOSTON, MA.
 Date: 1/7/82
 Edition: MORNING
 Title: FRAMINGHAM STATE PRISON
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 or
 Classification:
 Submitting Office: BOSTON



State troopers confer outside the Framingham correctional facility, where 200 police staged a raid on what officials called a narcotics ring and gambling operation. AP PHOTO
 Agnes refused to confirm or deny reports that prisoners had sole access to the room. "The subject of control and access will have a bearing on evidence given to the grand jury," he said in the interview.
 At the press conference, Agnes said that officials had seized records of the inmate employment group "Computer Systems Program."
 RAID, Page 28

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RAID

Continued from Page 1
 ming, which has received national acclaim over the past five years as a model rehabilitation program. He said the investigation showed that the group "has perpetrated a colossal fraud on the Commonwealth of Massachusetts."

Agnes said the inmates apparently had contracted with and paid "significant amounts of money" for computer-related services to individuals outside the prison, who, in turn, had not filed tax forms with the state Department of Revenue.

Early reports indicated that Susan E. Saxe, an antiwar activist convicted in 1977 of manslaughter, may have headed the computerized operation at the prison.

Agnes refused to confirm or deny these reports, saying, "I have no comment because I don't want to prejudice our case."

Saxe, who had pleaded guilty in the shooting death of a Boston patrolman during a 1970 Brighton bank robbery, reportedly is up for parole this year.

One investigator said Saxe's alleged role was "overblown" in early reports. If she were involved, he said, her role would have been peripheral. "She happened to be there in the computer room and that's all I can tell you," he said.

There were also reports that some prison officials were involved in the illegal operations. When Agnes was asked during the telephone interview whether any personnel at the institution had been suspended as a result of the crackdown, he said, "not at this time."

Before the raid, there were 170 female and 34 male inmates at the Framingham institution. But immediately after the raid all the male inmates were transferred to maximum security facilities which Agnes did not identify.

Commissioner of Correction Michael Fair would not positively link the male inmates with the gaming operation. He said only, "This will be the end of the coed institution at MCI-Framingham. We are desperately in need of additional female beds for the commonwealth."

Fair also would not say why the inmates were transferred during the shakedown except to comment, "Our operational plan called for the element of surprise."

Agnes, however, said the transfer of the men is "something I can't say was wholly unrelated to the illegal operations."

None of the inmates was allowed to meet with his lawyer yesterday. Prison officials said they lacked sufficient manpower to provide attorney interviews while officials conducted a thorough search of the institution for contraband.

Calling that excuse "bogus," John Reinstein, who represented Saxe, and several attorneys representing other inmates filed suit in US District court yesterday afternoon, claiming that they were unconstitutionally denied access to their clients.

As a result of eight search warrants also executed yesterday in Middlesex and Suffolk counties for persons, residences and vehicles believed to be involved in the narcotics trafficking, five persons were arrested, Assistant Dist. Atty. Agnes said.

He added that officials also seized 275 bags of a substance believed to be heroin, two weapons, almost \$10,000 in cash and two automobiles.

Those arrested were identified by Agnes as:

- Salvatore A. Lonano and Darlene Lonano, 122 Cross St., Somerville, charged with possession of heroin with intent to distribute, conspiracy, and possession of cocaine.

- Anthony D. Desimore, 221 East Edge St., East Boston, charged with possession of heroin with intent to distribute and a gun law violation.

- Stephen Summa, 167 Linden av., Malden, charged with possession of cocaine.

- Joseph Curcun, 7 Senna terrace, Billerica, charged with possession of cocaine.

Contributing to this report were staff reporters Robert B. Carr, Richard J. Conolly, George Croft, James H. Hammond, Edgard Quill and Gerard F. Weidmann, and contributing reporters Nancy Bauer and Henry Hryniewicz.

(Mount Clipping in Space Below)

NEW ENGLAND NEWS BRIEFS

Prison probe indictments

A Middlesex County Grand Jury has handed up more indictments in the continuing investigation into drug dealing, gaming, institutional corruption and other offenses at Framingham state prison. The latest indictments, naming seven persons, are for keeping a gambling establishment within the prison, using the telephone to place bets on athletic contests, and conspiracy to commit those two offenses. The indictments arose from several months of investigation culminating in a raid on the prison Jan. 6.

The new indictments bring to 16 the number of persons indicted as a result of the raid. Named in the indictments are Henry Tameleo, Benjamin DeChristoforo, Joseph Salvati, and Frank Imbruglia, all inmates at Framingham at the time of the raid and now at other prisons; Louis Lefty and Alfred R. Germano, both of Milford; and Rody Squires of Somerville.

(Newspaper, city and state.) 4U

THE BOSTON GLOBE
BOSTON, MA.

Date: 3/28/82
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FBI/DOJ

EXHIBIT
734

GRANTING COMMUTATION HEARING

PETITIONER: PETER LIMONE
OFFENSE: MURDER First Degree

SENTENCE: Life

EFFECTIVE DATE: 11-1-67
DATE PETITION RECEIVED: 2-17-82

GRANT
 DENY
 DENY W/O PREJUDICE
DATE: 2/18/82
COMMENTS: *This commutation would be very hard to explain in deference to present guidelines*
Don't allow

GRANT
 DENY
 DENY W/O PREJUDICE
DATE: 2-18-82
COMMENTS: *As per my notes*

GRANT
 DENY
 DENY W/O PREJUDICE
DATE: 2/18/82
COMMENTS: *Not recommended*

GRANT
 DENY
 DENY W/O PREJUDICE
DATE: 2/23/82
COMMENTS: *Murder for hire. Impression not good. May take another look after 15 years*
Kevin P. Barber

GRANT
 DENY
 DENY W/O PREJUDICE
DATE: 2/18/82
COMMENTS: *Things appear to be progressing satisfactorily but this case comes much too soon after previous denial. The burden is much heavier with this kind of case.*



GRANT
 DENY
 DENY W/O
DATE: 3/23/82
COMMENTS: *Judge denied hearing on May 1981. Petitioner for reconsideration. Given the guidelines to be followed they state that this is not an exceptional case.*

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA	:	CRIMINAL NO. 99-10428 - JLT
	:	
v.	:	Racketeering
	:	(18 U.S.C. §1962(c))
JOHN J. CONNOLLY, JR. and	:	
STEPHEN FLEMMI	:	Racketeering Conspiracy
	:	(18 U.S.C. §1962(d))
	:	
	:	Conspiracy to Obstruct Justice
	:	(18 U.S.C. §371)
	:	
	:	Obstruction of Justice
	:	(18 U.S.C. §§1503, 1512)
	:	
	:	False Statement
	:	(18 U.S.C. §1001)

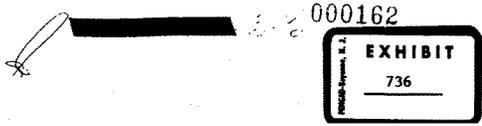
SUPERSEDING INDICTMENT

The Grand Jury charges:

COUNT ONE - Racketeering
(John J. Connolly, Jr.)

GENERAL ALLEGATIONS

1. From November 1968 to December 1990, the defendant JOHN J. CONNOLLY JR. ("CONNOLLY") was a Special Agent of the Federal Bureau of Investigation ("FBI"). From February 1973 until his retirement in December 1990, CONNOLLY was assigned to the Boston Field Office of the FBI.
2. At all times material to this Indictment, the "Winter Hill Gang" was a clandestine



McDonald and Sims in obtaining an apartment in the Greenwich Village section of New York City while they remained fugitives.

40. During that time, Richard Castucci also was a confidential informant of the FBI. In the latter part of 1976, Castucci began to provide the FBI with specific information regarding the whereabouts of McDonald and Sims.

41. In late 1976, in the District of Massachusetts, CONNOLLY did corruptly influence, obstruct and impede, and did endeavor to influence, obstruct, and impede the due administration of justice in a case captioned United States v. Sims et al., Cr. No. 359G (D. Mass.), in the District of Massachusetts, by providing confidential law enforcement information to Bulger which alerted him to the fact that Richard Castucci was a confidential informant of the FBI, with intent to thwart the arrest and prosecution of Joseph McDonald and James Sims in United States v. Sims, Cr. No. 359G (D. Mass.), in violation of Title 18, United States Code, Sections 1503 and 2.

42. On or about December 29, 1976, as a result of being informed of Castucci's relationship with the FBI, members of the Winter Hill Gang murdered Richard Castucci to prevent the capture of Joseph McDonald and James Sims.

Racketeering Act #8

43. CONNOLLY committed the following acts, any one of which alone constitutes Racketeering Act #8.

Racketeering Act #8A

44. On May 27, 1981, Roger Wheeler was shot to death in the parking lot of the Southern Hills Country Club in Tulsa, Oklahoma.

45. Shortly thereafter, a Federal Grand Jury for the Northern District of Oklahoma began an investigation into the murder of Roger Wheeler.

46. In or about January 1982, Brian Halloran approached the FBI in Boston, Massachusetts and offered to cooperate in the investigation of the Roger Wheeler homicide.

47. Brian Halloran told FBI Agents Gerald Montaneri and Leo Brunnick that Bulger and Flemmi, along with John Callahan and John Martorano, not named as defendants herein, had caused Roger Wheeler to be murdered.

48. As a Supervisory Special Agent in the FBI's Boston Office, John Morris learned of the information that Brian Halloran had provided to Special Agents Montaneri and Brunnick.

49. John Morris told CONNOLLY that Halloran had implicated Bulger and Flemmi in the Roger Wheeler homicide.

50. In or about April 1982, the exact date being unknown, in the District of Massachusetts, CONNOLLY did corruptly endeavor to influence, obstruct, and impede the due administration of justice in a federal grand jury sitting in the Northern District of Oklahoma and investigating the murder of Roger Wheeler, by providing confidential law enforcement information to Bulger and Flemmi which alerted them to the fact that Brian Halloran had provided information about the murder of Roger Wheeler in Tulsa, Oklahoma on May 27, 1981, in order to prevent Halloran's further cooperation and testimony, in violation of Title 18, United States Code, Section 1503.

51. Bulger and others then caused Brian Halloran to be murdered in Boston, Massachusetts on May 11, 1982, in order to prevent his further cooperation with law enforcement authorities and to prevent his testimony before a federal grand jury investigating the

murder of Roger Wheeler.

Racketeering Act #8B

52. Paragraphs 44 through 49 and paragraph 51 of Racketeering Act #8A are realleged in this Racketeering Act and are incorporated by reference as if fully set forth.

53. In or about April 1982, the exact date being unknown, in the District of Massachusetts, CONNOLLY did wilfully endeavor by means of intimidation and force and threats thereof to obstruct, delay, and prevent the communication of information by Brian Halloran to a criminal investigator relating to a violation of a criminal statute of the United States, by providing confidential law enforcement information to Bulger and Flemmi which alerted them to the fact that Brian Halloran had provided information about the murder of Roger Wheeler in Tulsa, Oklahoma on May 27, 1981, in violation of Title 18, United States Code, Section 1510 (later recodified at Section 1512) and 2.

Racketeering Act #9

54. CONNOLLY committed the following acts, any one of which alone constitutes Racketeering Act #9.

Racketeering Act #9A

55. The allegations contained in Paragraphs 44 through 49 and Paragraph 51 of Racketeering Act #8A are realleged in this Racketeering Act and are incorporated by reference as if fully set forth.

56. In or about June, 1982, CONNOLLY told Bulger and Flemmi that John Callahan was sought as a witness in the Wheeler homicide investigation.

57. In or about June 1982, the exact date being unknown, in the District of

7/22/98 BOSTONG A1
7/22/98 Boston Globe A11998 WL 9144510

Page 7

that employees who remained loyal to Callahan were doing the skimming. Later, Halloran said, Callahan told him he wasn't needed and the murder was carried out by Bulger, Flemmi, and John Martorano.

Despite the significance of Halloran's account, authorities in Oklahoma say the FBI in Boston never shared it with them.

Instead, FBI agent Morris said he passed along word to Connolly that Halloran was cooperating with another squad in the FBI against his two prized informants.

Morris testified that Connolly then told Bulger and Flemmi that Halloran had implicated them in Wheeler's murder, prompting Connolly to file an informant report from Bulger arguing that "there was no way that they would have been involved with Halloran in connection with anything, let alone murder."

Ultimately, the FBI, along with Strike Force Chief O'Sullivan, concluded that Halloran was unreliable and turned him away from an FBI safe house on Cape Cod.

Weeks later, on May 11, 1982, Halloran was gunned down as he left a bar on Northern Avenue in South Boston. Callahan, being sought for questioning as a potential witness in the Halloran and Wheeler slayings, was found murdered three months later in Miami.

In a recent interview, Connolly said he "absolutely never" told Bulger and Flemmi that Halloran had turned FBI informant against them before he was killed. Connolly said he filed reports before Halloran's death noting that Bulger claimed the Mafia was going to kill Halloran.

The fallout from the investigation spread within the FBI, as agents in Oklahoma City and Miami accused the Boston office of stonewalling about Wheeler and Halloran.

The distrust spilled over into the Boston office, as the agent assigned to the Wheeler case accused Connolly of "rifling" his file and leaking information to Bulger and Flemmi that would help them establish alibis. Connolly vehemently denies the charge.

At first, Connolly refused to call in Bulger and Flemmi to have them photographed so investigators in Oklahoma could show their pictures to potential witnesses. According to recent testimony by James Ring, who was then supervisor of the organized-crime squad, Connolly became "defensive" about the photo request, arguing that Bulger and Flemmi had proclaimed their innocence. Connolly relented

