

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

MAURICE LERNER :

VS. :

M.P. NO:

JOHN MORAN, in his capacity :
as Director of the Adult :
Correctional Institutions :

833905

APPLICATION FOR POST CONVICTION RELIEF

Now comes the applicant, Maurice Lerner and states that he stands convicted and sentenced for a crime and now claims that the conviction and sentence was in violation of the Constitution of the United States and the Constitution and laws of the Rhode Island, that there exists evidence of material facts, not previously presented and heard which requires vacation of the conviction and sentence in the interests of justice.

PRIOR PROCEEDINGS

1. On or about August 14, 1969, Indictments were returned against your applicant charging him with the following:

Ind. No: 69-767 - Murder

Ind. No: 69-768 - Murder

Ind. No: 69-769 - Conspiracy to murder

2. On or about March 27, 1970 after a trial by jury, verdicts of guilty were returned against your applicant on each indictment.

3. On or about July 9, 1970, your applicant's motion for a new trial was heard and denied. (Decision of Bulman, J. is attached hereto and made a part of this application.

4. On or about September 14, 1970, your applicant was sentenced to consecutive life sentences on Ind. No: 69-767 and Ind. No: 69-768 respectively and to ten (10) years on Ind. No: 69-769.

5. On or about July 31, 1973, the Rhode Island Supreme Court denied your applicant's appeal and affirmed each conviction and sentence.

SUPERIOR COURT
FILED
JOSEPH G. BROWN
1973 JUL 15 PM 4:59

DCR
1796

TORO LAW
ASSOCIATES, INC.
1608 INDUSTRIAL BL. BLDG.
PROVIDENCE, R. I. 02908

EXHIBIT
771

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

MAURICE LERNER :

VS. :

M.P. NO: 83-3005

JOHN MORAN, Director of :
Adult Correctional Institution :

AMENDED APPLICATION FOR POST CONVICTION RELIEF

Now comes the applicant, Maurice Lerner and pursuant to Rhode Island General Laws Section 10-9.1-1 et seq states that he stands convicted and sentenced for a crime and now claims that said conviction and sentence should be vacated and the indictment dismissed because:

- a) The conviction and sentence was obtained in violation of your applicant's rights as provided under the Fourteenth Amendment to the United States Constitution. e
- b) The conviction and sentence was obtained in violation of your applicant's rights as provided under Article I Sections 5 and 10 of the Rhode Island Constitution and under the laws of the State of Rhode Island. f
- c) There exists evidence of material facts, not previously presented and heard, that requires vacation of the conviction and sentence in the interests of justice. g

PRIOR PROCEEDINGS

1. On or about August 14, 1969, Indictments were returned against your applicant charging him with the following: a

CLERK

1969 DEC 13 AM 9:57

set aside and your applicant be granted a new trial.

Respectfully,
MAURICE LERNER
By his Attorney

Peter DiBiase
PETER DiBIASE

Providence, Rhode Island 02903

VERIFICATION

I, MAURICE LERNER, hereby verify and affirm that I have read the within Application for Post Conviction Relief and believe all the facts asserted therein are true and correct.

Maurice Lerner
MAURICE LERNER

Subscribed and sworn to before me in Providence Rhode Island on the 11th day of July, 1983.

Peter DiBiase
Notary Public

2794

8809

July 25, 1983

PERSONAL

SUBJECT TO PROTECTIVE ORDER

Mr. John M. Morris
Federal Bureau of Investigation
Boston, Massachusetts

Dear Mr. Morris:

Careful consideration has been given to the information furnished concerning the loss of FBI documents which were charged to your custody. It is apparent that you failed to exercise sufficient care to adequately safeguard this Government property.

In the future, you will be expected to be more careful in handling Bureau property entrusted to you so that there will be no recurrence of a dereliction such as this.

Very truly yours,

LHG

L. Clyde Groover, Jr.
Assistant Director
Administrative Services Division

- SAC, Boston (Personal Attention) Enclosure

The enclosed letter should be delivered to the employee at which time it should be insured that the employee fully understands the reason for the Bureau's action.

67-693564
1 - Boston Division Personnel File
1 - E. L. Wyne
FLG:mmam(5)

67-693564-70
Enclosed Numbered 181
12 AUG 2 1983

Based on airtel from SAC, Boston, to Director, 6/15/83, EWL:bbr, and ASD addendum dated 7/19/83, FLG:mmam.

- Exec AD Adm. _____
- Exec AD Inv. _____
- Exec AD LES _____
- Asst. Dir.:
- Adm. Serv. _____
- Crim. Inv. _____
- Ident. _____
- Insp. _____
- Intell. _____
- Lab. _____
- Legal Coun. _____
- Off. Cong. & Public Affs. _____
- Rac. Mgmt. _____
- Tech. Serv. _____
- Training _____
- Telephone Rm. _____
- Director's Sec'y _____ MAIL ROOM

APPROVED: *[Signature]* 144

Director _____	Gen. Inv. _____	Laboratory _____
Exec. AD Adm. _____	Ident. _____	Off. Cong. & Public Affs. _____
Exec. AD Inv. _____	Inspection _____	Rac. Mgmt. _____
Exec. AD LES _____	Intell. _____	Tech. Serv. _____
		Training _____

11 AUG 4 1983

EXHIBIT
772

FBI-HCGR-000001860

2795

SUBJECT TO PROTECTIVE ORDER

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- Airtel

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 6/15/83

To: Director, FBI
 (Attention: Administrative Services Division,
 Administrative Summary Unit,
 Supervisor Douglas Ball)

From: SAC, Boston

Subject: SUPERVISOR JOHN M. MORRIS
 EOD 12/7/70
 PERSONNEL MATTER

Retelcall to Supervisor Douglas Ball this date.

For the information of the Bureau, Supervisor John M. Morris is the New England Core-City Task Force Coordinator and is presently attending a Task Force Coordinators Conference in Chicago, Ill., 6/14-15/83.

On 6/15/83 Supervisor Morris telephonically advised ASAC Edward W. Ludemann that sometime on 6/14/83, he lost/stolen a leather folding notebook containing four FBI serials. He can only speculate that he either lost the serials at the Palmer House in Chicago where he was residing, in a cab which he took from the airport to the hotel or that this notebook was stolen from his hotel room although nothing else was missing. A theft report has been appropriately filed with the Chicago Police Department. These documents were necessary for Supervisor Morris to make a planned presentation at the conference.

The serials which were lost do not contain operational information. The communications are teletypes which were sent from Albany, New Haven, Buffalo and Boston to FBIHQ. These teletypes are titled "Narcotics Policy Matters; Implementation of Federal Narcotics Task Force," and contain only case captions and number of men designated for each task force case from each division.

- 2 - Bureau
- 1 - Boston

SEE ASD ADDENDUM PAGE 3

(3)

11 SEP 12 1983

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

FBI-HCGR-000001861

2796

REQUEST FOR VOTE

DATE: August 1, 1983

RE: PETER LIMONE

TYPE OF ACTION REQUESTED

COMMUTATION

EXHIBIT
773

COMMENT:

APPROVE

SIGNATURE & DATE

Recommendation to sentence to
produce (was ⁸⁻¹⁻⁸³ ~~was~~) parole eligibility
17 months from Council vote.

Recommend that sentence be commuted ^{pre. release} 8-1-83
producing an eligibility ~~to~~ ^{from}
Council vote.

Consider with [redacted]

Recommendation to sentence to commuted parole
an eligibility of months ^{pre. release} 8-1-83
[redacted]

Any subject was involved in a delinquent
should monitor of a highly organized and
skilled nature. All ~~delinquent~~ public safety
agencies including the District Attorney's Office,
the FBI, and the U.S. Attorney's Office
believe that he will continue to be a very
important member of organized crime
there is absolutely no merit to this case.

Conclude ^{OTHER} principal issue is incapacitation. All the relevant
law enforcement authorities believe that Petrone is and will
continue to be a member of organized crime. The law, and clearing
guidelines prohibit any favorable consideration in these circumstances.

2797

REQUEST FOR VOTE

DATE:

RE: PETER LIMANE

COMMUTATION

TYPE OF ACTION REQUESTED

COMMENT:

APPROVE

SIGNATURE & DATE

Amend Note of 8-1-83 to read:
Recommend to commute sentence to
probation parole eligibility nine months
from date of Governor's Council.


11 8-3-83

DENY

OTHER

8-25-83

Manocchio gets 2 life terms for gangland slaying

By TRACY BRETON
Journal-Bulletin Staff Writer

~~Manocchio~~ ~~was~~ ~~sentenced~~ ~~to~~ ~~two~~ ~~consecutive~~ ~~life~~ ~~sentences~~ ~~plus~~ ~~10~~ ~~years~~ ~~for~~ ~~murder~~ ~~and~~ ~~being~~ ~~an~~ ~~accessory~~ ~~to~~ ~~the~~ ~~1968~~ ~~gangland~~ ~~slayings~~ ~~of~~ ~~Rudolph~~ ~~Marfeo~~ ~~and~~ ~~Anthony~~ ~~Mele~~.

~~Superior~~ ~~Court~~ ~~Judge~~ ~~Francis~~ ~~M.~~ ~~Kiely~~ ~~cloned~~ ~~the~~ ~~56~~ ~~-year~~ ~~old~~ ~~Man~~ ~~occhio~~ ~~with~~ ~~the~~ ~~maximum~~ ~~sen~~ ~~tences~~ ~~allowed~~ ~~under~~ ~~state~~ ~~law~~, ~~as~~ ~~a~~ ~~different~~ ~~judge~~ ~~did~~ ~~13~~ ~~years~~ ~~ago~~ ~~when~~ ~~he~~ ~~was~~ ~~convicted~~ ~~as~~ ~~the~~ ~~trigger~~ ~~man~~ ~~in~~ ~~the~~ ~~case~~ ~~of~~ ~~Mr.~~ ~~Lerner~~.

Before the case was tried in June, Manocchio was offered, but rejected, according to one of his lawyers, a plea-bargaining agreement that would have required him to serve only about two years behind bars. Manocchio rejected the plea-bargain, Martin K. Leppo said, because he is innocent and wanted to put his fate in the hands of a jury.

In recommending maximum, consecutive sentences yesterday, prosecutor David H. Leach called Manocchio "the organizer . . . of the plan who brought the parties together" for "an assassination."

"Nothing would warrant" a lesser sentence for Manocchio than Lerner received, Leach contended, because it was Manocchio, he insisted, who brought Lerner here from Brookline, Mass., to carry out the murder scheme.

He is "as guilty, if not more so than Mr. Lerner . . . as guilty as if he pulled the trigger himself."

Defense lawyer Thomas A. DiLuglio told Kiely it would be "cruel and unusual punishment," in violation of Manocchio's constitutional rights, to levy consecutive sen-

tences. With consecutive sentences, Manocchio will be 86 years old before the state's Parole Board even considers paroling him, DiLuglio argued, and there "is little likelihood he would even be alive at that time."

* * *

BUT JUDGE KIELY apparently wasn't impressed with that argument, or Manocchio's statement just prior to sentencing that he doesn't even know his accuser, John J. "Red" Kelley. He's "a man I never met in my life," the defendant insisted.

"Mr. Manocchio, you participated in the assassination of two human beings. Our civilized society cannot and will not tolerate such a crime by anyone," the judge said just before imposing the consecutive sentences.

He also rejected defense motions to release Manocchio on bail pending the outcome of his appeal to the Rhode Island Supreme Court.

Manocchio was the last defendant tried for the April 20, 1968, slayings of Marfeo and Melel in a Pocasset Avenue grocery store. After 10 years as a fugitive he turned himself in to face the charges in 1979, and was free on bail from then until his conviction in June. In his absence, five other men were convicted in connection with the slayings, including New England crime boss Raymond L.S. Patriarca.

Patriarca, Rudolph E. Sciarra, Robert Fairbrothers and the late John E. Rossi were all convicted of conspiring to murder and served 10-year sentences. Lerner was found guilty of two counts of first-degree murder and conspiracy in the same 1970 trial.

EXHIBIT
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2799



U.S. Department of Justice

United States Attorney
District of Massachusetts

1107 J.W. McCormack Post Office and Courthouse
Boston, Massachusetts 02109

September 12, 1983

Hon. Michael S. Dukakis
Governor
Commonwealth of Massachusetts
State House
Boston, MA 02133

Re: Peter Limone--Petition for Commutation

Dear Governor Dukakis:

Confirming our conversation of earlier today, it is the understanding of this office and of the Boston Organized Crime Strike Force that top-level members of organized crime in Boston desire to have Peter Limone assume charge of the day-to-day operations of organized crime in this area, if Mr. Limone is released from prison and if these top-level members should become involved in litigation with the Government.

The Federal Bureau of Investigation, the Suffolk County District Attorney, and this office all submitted letters to the Massachusetts Parole Board regarding Mr. Limone's petition. I am enclosing copies of these letters for your information.

Under the circumstances, it is the strong recommendation of this office that the petition for commutation of Peter Limone's sentence be denied.

Sincerely yours,

William F. Weld

WILLIAM F. WELD
United States Attorney

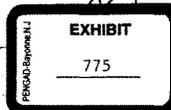
Enclosures *(2)*

WFW:efb

bcc: Jeremiah T. O'Sullivan, Chief Attorney, OCSF
James W. Greenleaf, Special Agent in Charge, FBI
Newman A. Flanagan, District Attorney, Suffolk County

*Adm. Sec. W
R. M. G. JW*

*92-105
11-11
SAC*



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The Boston Globe
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Wednesday, July 22, 1998

METRO/REGION

Cases disappear as FBI looks away
Shelley Murphy, Globe Staff

WED

This Spotlight Team 5-part series was prepared by editor Gerard O'Neill and reporters Dick Lehr, Michell Zuckoff, and Shelley Murphy. Today's installment was written by Murphy. PART 4 WHITEY & THE FBI: PRICE OF PROTECTION

At the dawn of his deal with the FBI, James "Whitey" Bulger was an angry leg breaker at a Dedham restaurant looking to collect an unpaid loan. Leaning across a table, he gave the owner a choice: Pay, or have his ears cut off and stuffed in his mouth.

Restaurateur Francis X. Green told his story to the FBI, expecting protection and prosecution. But Bulger had an ace in the hole. He worked for the FBI.

Looking back, the 1976 incident at the Back Side Restaurant was a turning point. An extortion case, built on a credible, cooperative witness, might have stopped Bulger and his partner, Stephen "The Rifleman" Flemmi, from launching a 15-year crime spree.

Instead, the FBI did nothing, sending a powerful message to two of the region's most ruthless organized crime figures: As long as you're with us, we won't bother you.

As a result, Bulger and Flemmi became sanctioned career criminals while spying on the underworld for the FBI. Despite solid evidence indicating Bulger and Flemmi were involved in murders, shakedowns, and drug dealing, the FBI looked the other way throughout the 1970s and 1980s.

It made no difference who the victims were, fellow wise guys or innocent people. And it didn't matter if the victims were willing to cooperate with the FBI or were scared silent. In some cases, the bureau even helped the gangsters by leaking information to them about ongoing investigations.

Recent court testimony shows the deflected cases ranged from the momentous to the mundane, but the consistent thread running through most of them is the involvement of Bulger's handler, former FBI agent

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John Connolly of South Boston.

Some potential cases that went nowhere:

- In 1982, a wise guy turned FBI informant was gunned down after Connolly, according to testimony, told Bulger and Flemmi that the man had implicated them in a string of gangland slayings and the murder of an Oklahoma businessman.

- In 1984, a Boston police detective told Connolly that Bulger and Flemmi were trying to seize a liquor store owned by the detective's relatives with a "can't refuse" offer. But Connolly did not report the incident to superiors and, within days, Bulger sent word to the victims that he knew they had complained to the FBI and warned them to "back off."

- In the late 1980s, FBI agents John Newton and Roderick Kennedy failed to document or follow up on a realtor's claim that a gun-toting Bulger threatened to stuff him in a body bag if the realtor didn't pay him \$50,000.

- In 1988, another FBI agent, supervisor John Morris, who had pocketed \$7,000 in payoffs from Bulger, warned Bulger and Flemmi that the FBI had tapped the telephone of a Roxbury bookmaker who worked for them. While indictments resulted from the wiretap, including some Boston policemen for taking payoffs, Bulger and Flemmi went untouched.

Although there is evidence that Connolly protected Bulger and Flemmi, he was not alone. Supervisors and fellow agents often were swayed by his claim there was insufficient evidence to target the pair or that they were too valuable to the FBI.

For example, FBI agent James Blackburn testified he never pursued allegations that Bulger was shaking down a South Boston drug dealer in 1988 after Connolly told him it wasn't true. And agent James J. Lavin III testified that in 1987 he ignored evidence that city workers erected guardrails on private property outside the South Boston liquor store controlled by Bulger after Connolly reminded him that Bulger was an indispensable informant.

In the end, Bulger and Flemmi were always suspects, but never defendants; always informants, never targets.

Last April, Connolly refused to testify at federal court hearings exploring the FBI's controversial relationship with Bulger and Flemmi, citing his Fifth Amendment right not to incriminate himself. In interviews, he has accused other agents of lying when they

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testified critically about his handling of Bulger and Flemmi.

"I'm not a rogue agent," Connolly said recently. "Anything I ever did, I did lawfully. I have no trouble with what I did. I did it for the FBI, all the way to D.C. , constant oversight."

But the record now shows that the deal -- protection for information -- left the bureau shortchanged, co-opted, and compromised.

In a telling aside during recent testimony, one of Connolly's closest associates in the bureau, former agent Nicholas Gianturco, talked about entertaining Bulger and Flemmi at his Peabody home. "I felt comfortable having them to the house," he said. "It was not an adversarial relationship." ALL TOGETHER IN ONE ROOM

It was an improbable convergence of characters that put two of the region's top prosecutors under the same roof in Dedham with three gangsters while the hoodlums were extorting the owner of the establishment across the room.

In late 1976, then-Norfolk County District Attorney William Delahunt had just ordered dinner at the Back Side Restaurant and was awaiting the arrival of Martin Boudreau, a law school classmate and federal prosecutor, when he looked up to see another old acquaintance approaching his table.

It was Johnny Martorano, a well-known gangster who had attended grammar school with Delahunt in Quincy. Martorano and two other men had just entered the restaurant. While his companions moved to a cocktail table near the bar, Martorano chatted with Delahunt about the different paths they had taken since their school days, joking that there was more honor in his world than among bankers and lawyers. Flemmi joined the conversation briefly.

After Delahunt went back to his meal and was joined by Boudreau, the number-two prosecutor in the Federal Organized Crime Strike Force, the restaurant owner was summoned to sit with Bulger, Flemmi, and Martorano to talk about a serious arrearage of \$175,000. According to later investigative reports, it was Bulger who delivered the pay-or-die ultimatum.

A few weeks later, Delahunt learned what really had brought his old schoolmate to Dedham. Delahunt said Edward Harrington, former chief of the New England Organized Crime Strike Force, called to tell him that Bulger and his friends had threatened Green, the restaurant owner, over an unpaid loan. And he said Green feared Martorano had connections to Delahunt after seeing them banter that night.

After reassuring Harrington he had no ties to Martorano, Delahunt said prosecutors assigned to his office interviewed Green and later turned the case file over to the FBI. Green, who declined to be interviewed by the Globe, is quoted in investigative reports as saying Bulger and Flemmi threatened to kill him if he didn't repay a loan from a Boston credit union.

"It's our money," Bulger told Green, threatening to "positively kill him" and mutilate his face, according to an FBI report. Ears off, eyes out.

FBI agents Thomas Daly and Peter Kennedy interviewed Green on Oct. 13, 1977, and noted in their report that Flemmi told Green that nobody would get hurt if he made arrangements with the woman at the credit union who handled the loan. They wanted a \$25,000 installment immediately.

In a recent interview with the Globe, Rita Tobias of Belmont confirmed that she loaned Green money through the finance company -- but said the amount was closer to \$20,000. She insisted she doesn't know Bulger or Flemmi and hadn't gone to them for help.

The following year, Green became a star government witness, but not against Bulger or his friends. Federal prosecutors used Green's testimony in an unrelated public corruption case to win a tax-evasion and bribery conviction against a Boston official. Bulger and Flemmi went unpunished and unchallenged.

Months after turning the Green case over to the FBI, Delahunt, now a Massachusetts congressman, said he asked Jeremiah T. O'Sullivan, chief of the New England Organized Crime Strike Force, what became of the investigation and was told: "It just didn't work out." O'Sullivan's lawyer, Hugh Scott, declined comment on the incident, saying it would be inappropriate because of the ongoing federal hearings.

Harrington, now a federal judge, was working as a lawyer for a private law firm in Boston when Green reported his threatening encounter with Bulger and Flemmi in 1976. The following year, Harrington became US Attorney for Massachusetts, a job he held when his public corruption squad used Green to make a case against the Boston official.

Today, when asked about his role in the Green case and why it never led to charges against Bulger or Flemmi, Harrington said, "In view of the fact that I am a federal judge and wish not to be involved in a proceeding before another federal judge, I decline to comment on the matter." BULGER IMPLICATED, MOBSTER KILLED

Brian Halloran was a dead man. And the FBI knew it.

Just a few days before Halloran was gunned down along the Boston waterfront, an FBI official whispered to then-US Attorney William F. Weld, "I would not want to be standing next to this guy."

In fact, the FBI's decision to deny Halloran entry into its witness protection program may have cost Halloran his life.

Halloran was awaiting trial for the murder of a drug dealer in January 1982 when he walked into the FBI's Boston office and announced he wanted to cooperate against Bulger and Flemmi because he feared they were trying to kill him.

He offered to "go all the way" against the two, but wanted immunity from prosecution and protection for himself and his family, according to the FBI report. A member of the Winter Hill gang who had frequent dealings with Bulger and Flemmi, Halloran told a tale of murder and mayhem.

For openers, he described how he dropped off South Boston bookmaker Louis Litif at Triple O's tavern on April 12, 1980, for an after-hours meeting with Bulger. Moments later, Halloran said, he watched as Bulger and an associate lugged Litif's plastic-wrapped body out the back door of the South Boston bar and dumped it into the trunk of Litif's new Lincoln. The car and the body were later found in the South End.

Then Halloran moved on to another bloody murder scene, this one in Oklahoma. He claimed he could help solve the shooting death of millionaire Roger Wheeler, the Telex Corp. chairman who was shot to death on May 27, 1981, outside an exclusive Tulsa country club.

Wheeler had bought World Jai Alai (WJA) three years earlier and suspected Somerville's Winter Hill gang of skimming profits from the company's operation in Connecticut.

Halloran claimed that his friend, John Callahan, former president of WJA, summoned him to a meeting with Bulger and Flemmi in January 1981 at Callahan's Boston waterfront apartment.

Halloran said Callahan asked him to murder Wheeler, who suspected 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.

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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 only after Ring threatened to drop Bulger and Flemmi as informants.

Still, the FBI didn't force Bulger and Flemmi to take polygraph examinations after they refused. In contrast, Halloran was dropped as an informant when he refused to take the lie detector test.

"For a long time we thought, it's just pure incompetence," said Wheeler's son, David, who now believes the FBI has obstructed the investigation into his father's murder. "But I never dreamed it was as extensive as it is." WHITEY AND STEVIE GO SHOPPING

It was Christmas time 1983 and Whitey Bulger and Stevie Flemmi were out shopping. They were cruising around South Boston when they saw something they wanted: a newly renovated liquor store on the site of what had until recently been an abandoned gas station.

It meant nothing to Bulger and Flemmi that Stephen and Julie Rakes didn't want to sell Stippo's Liquor Mart on Old Colony Avenue.

During a menacing visit to the Rakes's South Boston home during the first week of the new year, Bulger and Flemmi handed Stephen Rakes a bag stuffed with \$67,000 cash and announced they were buying the liquor store, according to testimony.

"We don't want to sell it," said Rakes, who was home with his two young daughters while his wife was working at the store.

Flemmi allegedly sat down at the kitchen table, pulled one of Rakes's blond-haired daughters onto his lap, and set a gun on the table in front of her. The curious toddler picked up the gun and playfully sucked on the handle, according to federal grand jury testimony revealed in court.

"It would be a shame not to see your children grow up," Bulger allegedly said.

A horrified Rakes called his wife at the store and told her to pack up all their belongings and come home.

Within days, then-Boston Police Detective Joseph Lundbohm said he went to Connolly on behalf of his niece, Julie Rakes, unaware that Bulger and Flemmi were informants and Connolly was their handler.

Connolly said he took no action to stop the hostile takeover by Bulger and Flemmi because the couple "did not want to get wired up and they did not want to be witnesses. How do you make a case like that?"

It was a chilling lesson for the Rakeses, who discovered a few days later that Bulger knew they had complained to the FBI.

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"Whitey said to back off," Stephen Rakes told Lundbohm, who said he suspected Connolly tipped Bulger about their meeting. In a Globe interview, Connolly denied leaking the information.

Connolly said he couldn't recall whether he reported the incident to his supervisor, but federal prosecutors said a search of FBI files failed to uncover any paperwork on it. It appears Connolly made a unilateral decision to neither investigate the extortion nor pass it along to a supervisor.

The store was sold to Bulger's friend, Kevin Weeks -- at least on paper -- without a hitch and was renamed the South Boston Liquor Mart. It immediately became a new hangout for Bulger and Flemmi.

Soon, the FBI was patronizing Bulger's store. A 1990 raid of the Liquor Mart by the Drug Enforcement Administration, the Suffolk County Organized Crime Squad, and the IRS uncovered a receipt indicating the FBI bought liquor at discount prices to give away at its annual Christmas party months earlier.

The receipt indicated that the liquor was purchased by agent Dick Baker, the party organizer. And a separate piece of notebook paper indicated who the agent was: "Dick Baker (friend of John Connolly)." Connolly does not deny the FBI bought liquor at the store but says the piece of paper with his name on it was planted. NO FBI FOLLOWUP TO EXTORTION

Years after Louis Litif was allegedly murdered in Triple O's, Bulger and his friends summoned an unsuspecting businessman to a meeting in the Broadway tavern, according to court documents and recent testimony.

"Someone hired me to kill you," Bulger told South Boston realtor Raymond Slinger, after calling him to a meeting in an upstairs apartment in the late 1980s.

Bulger, accompanied by his friends Kevin Weeks and Kevin O'Neil, said he was willing to spare Slinger's life in exchange for cold cash. But, when Slinger had the audacity to arrive at a follow-up meeting with the trio packing a gun, he was beaten and kicked as an enraged Bulger ordered his friends to "go downstairs and get a body bag."

After Bulger's demand increased to \$50,000, Slinger reported the extortion to the FBI. Agent John Newton testified that the FBI had "a great case" against Bulger because Slinger was willing to wear a wire and testify.

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Still, the FBI took no action.

Days later, O'Neil told Slinger that he'd only have to pay \$25,000, but "there wasn't going to be any FBI investigation," according to testimony in the federal court hearings.

Newton's supervisor, Bruce Ellavsky, testified that the FBI dropped the case because the extortion stopped and Slinger no longer wanted to go forward.

Yet, Ellavsky couldn't explain why there were no FBI reports on the incident. There was no mystery about why Bulger and Flemmi never got caught up in an FBI investigation in the late 1980s of a Roxbury bookie who was paying them "rent" and dealing extensively with them. The pair were warned to stay away by agent John Morris because a wiretap was going into John Baharoian's office.

Morris, who had taken three bribes from Bulger, was concerned that the pair could give him up if they were caught and indicted.

But he also testified he was tired of the hold Bulger and Flemmi had on him and the relentless expansion of their criminal network. And he wanted no more blood on his hands. Leave Baharoian alone, the former organized-crime supervisor told them. "I don't want any more Hallorans."

---- INDEX REFERENCES ----

KEY WORDS: BOSTON; ORGANIZED CRIME; NAME-BULGER; SPOTLIGHT; SERIES; NAME-FLEMMI

NEWS SUBJECT: Local/Regional Section (LCR)

EDITION: CITY EDITION

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UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA	:	CRIMINAL NO. 99-10428 - <u>II</u> J
	:	
v.	:	Racketeering
	:	(18 U.S.C. §1962(c))
JOHN J. CONNOLLY, JR. and	:	Racketeering Conspiracy
STEPHEN FLEMMI	:	(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



protect Bulger's and Flemmi's ongoing criminal activities in violation of his official duty, in violation of Title 18, United States Code, Sections 201(b) and 2.

B. INTERFERENCE WITH INTERSTATE COMMERCE BY EXTORTION

Racketeering Act 6

28. CONNOLLY committed the following acts, any one of which alone constitutes Racketeering Act 6:

Racketeering Act #6A

29. In or about December 1983, the exact date being unknown, Stephen Rakes and his wife, Julie Rakes, opened a liquor store at 295 Old Colony Avenue, South Boston, Massachusetts.

30. In or about January 1984, the exact date being unknown, Bulger, Flemmi and Kevin Weeks threatened Stephen Rakes with physical harm if he refused to convey the liquor store to them.

31. Shortly thereafter, Joseph Lundbohm, then a Boston police officer, approached CONNOLLY on behalf of the Rakes, to report the extortionate demands of Bulger and Flemmi.

32. In response to Joseph Lundbohm's report, CONNOLLY falsely told Lundbohm that unless Rakes agreed to wear a recording device in conversations with Bulger and Flemmi, the FBI was unlikely to take action on the complaint.

33. Stephen Rakes acceded to the extortionate demands of Bulger and Flemmi, and Stephen Rakes and Julie Rakes conveyed their interest in the liquor store to Kevin Weeks, who was acting on behalf of Bulger and Flemmi.

34. In violation of FBI regulations, and in a further effort to protect the extortionate activities of Bulger and Flemmi, CONNOLLY failed to report or to otherwise memorialize on any official FBI document the information that he had received from Joseph Lundbohm.

35. In or about January through May 1984, the exact date being unknown, in the District of Massachusetts, Bulger and Flemmi, aided and abetted by CONNOLLY, obstructed, delayed, and affected commerce by extortion, in violation of Title 18, United States Code, Sections 1951 and 2.

Racketeering Act #6B

36. The allegations contained in Paragraphs 29 through 34 of Racketeering Act 6A are realleged in this Racketeering Act and are incorporated by reference as if fully set forth.

37. In or about January through May 1984, the exact date being unknown, in the District of Massachusetts, Bulger and Flemmi, aided and abetted by CONNOLLY, conspired to obstruct, delay, and affect commerce by extortion, in violation of Title 18, United States Code, Sections 1951 and 2.

C. OBSTRUCTION OF JUSTICE AND WITNESS TAMPERING

Racketeering Act #7

38. On or about July 31, 1975, Joseph McDonald and James Sims, both members of the Winter Hill Gang were charged with crimes in a federal indictment in the District of Massachusetts. Joseph McDonald and James Sims became fugitives from that charge.

39. In 1976 Richard Castucci was a nightclub owner and bookmaker who associated with the Winter Hill Gang. At the behest of the Winter Hill Gang, Castucci subsequently assisted

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Wednesday, July 22, 1998

METRO/REGION

Cases disappear as FBI looks away
Shelly Murphy, Globe Staff

WED

This Spotlight Team 5-part series was prepared by editor Gerard O'Neill and reporters Dick Lehr, Michell Zuckoff, and Shelley Murphy. Today's installment was written by Murphy. PART 4 WHITEY & THE FBI: PRICE OF PROTECTION

At the dawn of his deal with the FBI, James "Whitey" Bulger was an angry leg breaker at a Dedham restaurant looking to collect an unpaid loan. Leaning across a table, he gave the owner a choice: Pay, or have his ears cut off and stuffed in his mouth.

Restaurateur Francis X. Green told his story to the FBI, expecting protection and prosecution. But Bulger had an ace in the hole. He worked for the FBI.

Looking back, the 1976 incident at the Back Side Restaurant was a turning point. An extortion case, built on a credible, cooperative witness, might have stopped Bulger and his partner, Stephen "The Rifleman" Flemmi, from launching a 15-year crime spree.

Instead, the FBI did nothing, sending a powerful message to two of the region's most ruthless organized crime figures: As long as you're with us, we won't bother you.

As a result, Bulger and Flemmi became sanctioned career criminals while spying on the underworld for the FBI. Despite solid evidence indicating Bulger and Flemmi were involved in murders, shakedowns, and drug dealing, the FBI looked the other way throughout the 1970s and 1980s.

It made no difference who the victims were, fellow wise guys or innocent people. And it didn't matter if the victims were willing to cooperate with the FBI or were scared silent. In some cases, the bureau even helped the gangsters by leaking information to them about ongoing investigations.

Recent court testimony shows the deflected cases ranged from the momentous to the mundane, but the consistent thread running through most of them is the involvement of Bulger's handler, former FBI agent

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John Connolly of South Boston.

Some potential cases that went nowhere:

- In 1982, a wise guy turned FBI informant was gunned down after Connolly, according to testimony, told Bulger and Flemmi that the man had implicated them in a string of gangland slayings and the murder of an Oklahoma businessman.

- In 1984, a Boston police detective told Connolly that Bulger and Flemmi were trying to seize a liquor store owned by the detective's relatives with a "can't refuse" offer. But Connolly did not report the incident to superiors and, within days, Bulger sent word to the victims that he knew they had complained to the FBI and warned them to "back off."

- In the late 1980s, FBI agents John Newton and Roderick Kennedy failed to document or follow up on a realtor's claim that a gun-toting Bulger threatened to stuff him in a body bag if the realtor didn't pay him \$50,000.

- In 1988, another FBI agent, supervisor John Morris, who had pocketed \$7,000 in payoffs from Bulger, warned Bulger and Flemmi that the FBI had tapped the telephone of a Roxbury bookmaker who worked for them. While indictments resulted from the wiretap, including some Boston policemen for taking payoffs, Bulger and Flemmi went untouched.

Although there is evidence that Connolly protected Bulger and Flemmi, he was not alone. Supervisors and fellow agents often were swayed by his claim there was insufficient evidence to target the pair or that they were too valuable to the FBI.

For example, FBI agent James Blackburn testified he never pursued allegations that Bulger was shaking down a South Boston drug dealer in 1988 after Connolly told him it wasn't true. And agent James J. Lavin III testified that in 1987 he ignored evidence that city workers erected guardrails on private property outside the South Boston liquor store controlled by Bulger after Connolly reminded him that Bulger was an indispensable informant.

In the end, Bulger and Flemmi were always suspects, but never defendants; always informants, never targets.

Last April, Connolly refused to testify at federal court hearings exploring the FBI's controversial relationship with Bulger and Flemmi, citing his Fifth Amendment right not to incriminate himself. In interviews, he has accused other agents of lying when they

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testified critically about his handling of Bulger and Flemmi.

"I'm not a rogue agent," Connolly said recently. "Anything I ever did, I did lawfully. I have no trouble with what I did. I did it for the FBI, all the way to D.C., constant oversight."

But the record now shows that the deal -- protection for information -- left the bureau shortchanged, co-opted, and compromised.

In a telling aside during recent testimony, one of Connolly's closest associates in the bureau, former agent Nicholas Gianturco, talked about entertaining Bulger and Flemmi at his Peabody home. "I felt comfortable having them to the house," he said. "It was not an adversarial relationship." ALL TOGETHER IN ONE ROOM

It was an improbable convergence of characters that put two of the region's top prosecutors under the same roof in Dedham with three gangsters while the hoodlums were extorting the owner of the establishment across the room.

In late 1976, then-Norfolk County District Attorney William Delahunt had just ordered dinner at the Back Side Restaurant and was awaiting the arrival of Martin Boudreau, a law school classmate and federal prosecutor, when he looked up to see another old acquaintance approaching his table.

It was Johnny Martorano, a well-known gangster who had attended grammar school with Delahunt in Quincy. Martorano and two other men had just entered the restaurant. While his companions moved to a cocktail table near the bar, Martorano chatted with Delahunt about the different paths they had taken since their school days, joking that there was more honor in his world than among bankers and lawyers. Flemmi joined the conversation briefly.

After Delahunt went back to his meal and was joined by Boudreau, the number-two prosecutor in the Federal Organized Crime Strike Force, the restaurant owner was summoned to sit with Bulger, Flemmi, and Martorano to talk about a serious arrearage of \$175,000. According to later investigative reports, it was Bulger who delivered the pay-or-die ultimatum.

A few weeks later, Delahunt learned what really had brought his old schoolmate to Dedham. Delahunt said Edward Harrington, former chief of the New England Organized Crime Strike Force, called to tell him that Bulger and his friends had threatened Green, the restaurant owner, over an unpaid loan. And he said Green feared Martorano had connections to Delahunt after seeing them banter that night.

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After reassuring Harrington he had no ties to Martorano, Delahunt said prosecutors assigned to his office interviewed Green and later turned the case file over to the FBI. Green, who declined to be interviewed by the Globe, is quoted in investigative reports as saying Bulger and Flemmi threatened to kill him if he didn't repay a loan from a Boston credit union.

"It's our money," Bulger told Green, threatening to "positively kill him" and mutilate his face, according to an FBI report. Ears off, eyes out.

FBI agents Thomas Daly and Peter Kennedy interviewed Green on Oct. 13, 1977, and noted in their report that Flemmi told Green that nobody would get hurt if he made arrangements with the woman at the credit union who handled the loan. They wanted a \$25,000 installment immediately.

In a recent interview with the Globe, Rita Tobias of Belmont confirmed that she loaned Green money through the finance company -- but said the amount was closer to \$20,000. She insisted she doesn't know Bulger or Flemmi and hadn't gone to them for help.

The following year, Green became a star government witness, but not against Bulger or his friends. Federal prosecutors used Green's testimony in an unrelated public corruption case to win a tax-evasion and bribery conviction against a Boston official. Bulger and Flemmi went unpunished and unchallenged.

Months after turning the Green case over to the FBI, Delahunt, now a Massachusetts congressman, said he asked Jeremiah T. O'Sullivan, chief of the New England Organized Crime Strike Force, what became of the investigation and was told: "It just didn't work out." O'Sullivan's lawyer, Hugh Scott, declined comment on the incident, saying it would be inappropriate because of the ongoing federal hearings.

Harrington, now a federal judge, was working as a lawyer for a private law firm in Boston when Green reported his threatening encounter with Bulger and Flemmi in 1976. The following year, Harrington became US Attorney for Massachusetts, a job he held when his public corruption squad used Green to make a case against the Boston official.

Today, when asked about his role in the Green case and why it never led to charges against Bulger or Flemmi, Harrington said, "In view of the fact that I am a federal judge and wish not to be involved in a proceeding before another federal judge, I decline to comment on the matter." BULGER IMPLICATED, MOBSTER KILLED

Brian Halloran was a dead man. And the FBI knew it.

Just a few days before Halloran was gunned down along the Boston waterfront, an FBI official whispered to then-US Attorney William F. Weld, "I would not want to be standing next to this guy."

In fact, the FBI's decision to deny Halloran entry into its witness protection program may have cost Halloran his life.

Halloran was awaiting trial for the murder of a drug dealer in January 1982 when he walked into the FBI's Boston office and announced he wanted to cooperate against Bulger and Flemmi because he feared they were trying to kill him.

He offered to "go all the way" against the two, but wanted immunity from prosecution and protection for himself and his family, according to the FBI report. A member of the Winter Hill gang who had frequent dealings with Bulger and Flemmi, Halloran told a tale of murder and mayhem.

For openers, he described how he dropped off South Boston bookmaker Louis Litif at Triple O's tavern on April 12, 1980, for an after-hours meeting with Bulger. Moments later, Halloran said, he watched as Bulger and an associate lugged Litif's plastic-wrapped body out the back door of the South Boston bar and dumped it into the trunk of Litif's new Lincoln. The car and the body were later found in the South End.

Then Halloran moved on to another bloody murder scene, this one in Oklahoma. He claimed he could help solve the shooting death of millionaire Roger Wheeler, the Telex Corp. chairman who was shot to death on May 27, 1981, outside an exclusive Tulsa country club.

Wheeler had bought World Jai Alai (WJA) three years earlier and suspected Somerville's Winter Hill gang of skimming profits from the company's operation in Connecticut.

Halloran claimed that his friend, John Callahan, former president of WJA, summoned him to a meeting with Bulger and Flemmi in January 1981 at Callahan's Boston waterfront apartment.

Halloran said Callahan asked him to murder Wheeler, who suspected 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.

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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 only after Ring threatened to drop Bulger and Flemmi as informants.

Still, the FBI didn't force Bulger and Flemmi to take polygraph examinations after they refused. In contrast, Halloran was dropped as an informant when he refused to take the lie detector test.

"For a long time we thought, it's just pure incompetence," said Wheeler's son, David, who now believes the FBI has obstructed the investigation into his father's murder. "But I never dreamed it was as extensive as it is." WHITEY AND STEVIE GO SHOPPING

It was Christmas time 1983 and Whitey Bulger and Stevie Flemmi were out shopping. They were cruising around South Boston when they saw something they wanted: a newly renovated liquor store on the site of what had until recently been an abandoned gas station.

It meant nothing to Bulger and Flemmi that Stephen and Julie Rakes didn't want to sell Stippo's Liquor Mart on Old Colony Avenue.

During a menacing visit to the Rakes's South Boston home during the first week of the new year, Bulger and Flemmi handed Stephen Rakes a bag stuffed with \$67,000 cash and announced they were buying the liquor store, according to testimony.

"We don't want to sell it," said Rakes, who was home with his two young daughters while his wife was working at the store.

Flemmi allegedly sat down at the kitchen table, pulled one of Rakes's blond-haired daughters onto his lap, and set a gun on the table in front of her. The curious toddler picked up the gun and playfully sucked on the handle, according to federal grand jury testimony revealed in court.

"It would be a shame not to see your children grow up," Bulger allegedly said.

A horrified Rakes called his wife at the store and told her to pack up all their belongings and come home.

Within days, then-Boston Police Detective Joseph Lundbohm said he went to Connolly on behalf of his niece, Julie Rakes, unaware that Bulger and Flemmi were informants and Connolly was their handler.

Connolly said he took no action to stop the hostile takeover by Bulger and Flemmi because the couple "did not want to get wired up and they did not want to be witnesses. How do you make a case like that?"

It was a chilling lesson for the Rakeses, who discovered a few days later that Bulger knew they had complained to the FBI.

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"Whitey said to back off," Stephen Rakes told Lundbohm, who said he suspected Connolly tipped Bulger about their meeting. In a Globe interview, Connolly denied leaking the information.

Connolly said he couldn't recall whether he reported the incident to his supervisor, but federal prosecutors said a search of FBI files failed to uncover any paperwork on it. It appears Connolly made a unilateral decision to neither investigate the extortion nor pass it along to a supervisor.

The store was sold to Bulger's friend, Kevin Weeks -- at least on paper -- without a hitch and was renamed the South Boston Liquor Mart. It immediately became a new hangout for Bulger and Flemmi.

Soon, the FBI was patronizing Bulger's store. A 1990 raid of the Liquor Mart by the Drug Enforcement Administration, the Suffolk County Organized Crime Squad, and the IRS uncovered a receipt indicating the FBI bought liquor at discount prices to give away at its annual Christmas party months earlier.

The receipt indicated that the liquor was purchased by agent Dick Baker, the party organizer. And a separate piece of notebook paper indicated who the agent was: "Dick Baker (friend of John Connolly)." Connolly does not deny the FBI bought liquor at the store but says the piece of paper with his name on it was planted. NO FBI FOLLOWUP TO EXTORTION

Years after Louis Litif was allegedly murdered in Triple O's, Bulger and his friends summoned an unsuspecting businessman to a meeting in the Broadway tavern, according to court documents and recent testimony.

"Someone hired me to kill you," Bulger told South Boston realtor Raymond Slinger, after calling him to a meeting in an upstairs apartment in the late 1980s.

Bulger, accompanied by his friends Kevin Weeks and Kevin O'Neil, said he was willing to spare Slinger's life in exchange for cold cash. But, when Slinger had the audacity to arrive at a follow-up meeting with the trio packing a gun, he was beaten and kicked as an enraged Bulger ordered his friends to "go downstairs and get a body bag."

After Bulger's demand increased to \$50,000, Slinger reported the extortion to the FBI. Agent John Newton testified that the FBI had "a great case" against Bulger because Slinger was willing to wear a wire and testify.

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Newton's supervisor, Bruce Ellavsky, testified that the FBI dropped the case because the extortion stopped and Slinger no longer wanted to go forward.

Yet, Ellavsky couldn't explain why there were no FBI reports on the incident. There was no mystery about why Bulger and Flemmi never got caught up in an FBI investigation in the late 1980s of a Roxbury bookie who was paying them "rent" and dealing extensively with them. The pair were warned to stay away by agent John Morris because a wiretap was going into John Baharoian's office.

Morris, who had taken three bribes from Bulger, was concerned that the pair could give him up if they were caught and indicted.

But he also testified he was tired of the hold Bulger and Flemmi had on him and the relentless expansion of their criminal network. And he wanted no more blood on his hands. Leave Baharoian alone, the former organized-crime supervisor told them. "I don't want any more Hallorans."

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Saturday, May 19, 2001

Metro/Region

**'THEY'RE WILLING TO KILL ANYBODY' STEPHEN RAKES RECALLS THE YEARS OF TERROR
DURING WHICH BULGER AND FLEMMI FORCED HIM TO SELL HIS LIQUOR STORE AND
FRIGHTENED HIM INTO SILENCE**
Shelley Murphy, Globe Staff

For 17 years Stephen Rakes has lived in fear, constantly looking over his shoulder for James "Whitey" Bulger and Stephen Flemmi, the menacing gangsters he says stole his business and threatened to kill him.

Convinced that he was being stalked by a Bulger associate while working in the tunnel at the Broadway MBTA station in 1995, Rakes fled down the tracks and suffered a shock when he brushed against the electrified third rail.

But today it's Bulger, one of the FBI's 10 Most Wanted, who is on the run. And Rakes, who was threatened with prison for refusing to testify against Bulger and his gang during the 1990s, is now a key government witness against them.

Last week, Rakes, his former wife, Julie Dammers, and their three children filed a legal claim against the FBI seeking \$120 million in damages, alleging that the agency destroyed their lives while protecting Bulger and Flemmi, their longtime informants.

"Even if I didn't step up to the plate years ago, I feel great that I'm able to step up to the plate now," said Rakes, speaking publicly for the first time about how Bulger and Flemmi allegedly stole his South Boston liquor store in 1984 and frightened him into silence for years.

"I was always afraid they were going to pull up some day and just shoot me," said Rakes, 47, who still lives in South Boston. "Every day I look over my shoulder. I trust absolutely no one."

Rakes said he never left the area because he believed Bulger would track him down, and "I felt like I was safer in South Boston than anywhere because I knew every street and every alley."

About a week after the Rakeses converted a dilapidated gas station on Old Colony Avenue into a financially promising liquor store in

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January 1984, Rakes was home with his two young daughters when Bulger, Flemmi, and an associate, Kevin Weeks, knocked on the door of his East Fourth Street home.

Although a brother and a sister of Rakes were indicted in 1990 and later convicted for being members of a South Boston cocaine ring that paid tribute to Bulger, Rakes said he was never part of Bulger's group.

"You've got a problem. We were hired to kill you," Rakes said Bulger warned him calmly that cold winter night. Other liquor store owners in the area were upset that Rakes was charging discount prices. So Bulger offered Rakes what he termed "a better deal."

"We're going to buy the store," Bulger announced matter-of-factly.

Bulger was furious when Rakes said it wasn't for sale. "He was shooting me with his eyes, bullet-piercing eyes. He scared the hell out of me and everything was a threat: I'll [expletive] kill you. You don't know how lucky you are."

The conversation moved to the kitchen, where Flemmi pulled 1-year-old Meredith Rakes onto his lap. Rakes, crying at the memory, recalled the helplessness and horror he felt.

"He puts a gun on the table and looks at me, like, 'What are you going to do?'" said Rakes. His daughter, meanwhile, dressed in pink and yellow pajamas, was innocently "spinning the gun around, like it was a toy."

Flemmi ruffled the child's blond hair, Rakes recalled, and smirked, "Would you like to have your daughter grow up without a father?"

Bulger sat on a chair next to Rakes, clicking a switchblade, while Weeks, whose sister married one of Rakes's brothers several years ago, sat stone-faced and quiet.

"There was not a damn thing I could do," Rakes said. "There's nothing you can do because they've got guns and they're willing to kill anybody. Life is nothing to them. You've got something they want, they'll take it. And that's just what happened."

Rakes said Bulger tossed him a bag stuffed with \$67,000 in cash, mostly 10s and 20s, and said, "Now we own the liquor store."

Threatened with death if he reported the shakedown, Rakes insisted the sale was voluntary when he testified before federal grand juries targeting Bulger in 1991 and 1995. A jury convicted Rakes of perjury and obstruction of justice in June 1998, but he escaped prison after agreeing to cooperate with authorities.

After losing the store, Rakes said he went to Disney World with his family, only to be ordered back by Bulger, who forced him to stand on a South Boston corner for two days to quell rumors that Bulger had killed him.

Rakes's wife sought help from her uncle, Boston Police Detective Joseph Lundbohm, who reported the takeover of the store to FBI Agent John J. Connolly Jr., unaware that Bulger and Flemmi were informants and Connolly was their handler.

In a 1998 Globe interview, Connolly confirmed that Lundbohm had told him that Bulger and Flemmi had seized the store, but Connolly said he didn't take action because the Rakeses "did not want to get wired up and they did not want to be witnesses. How do you make a case like that?"

A day after Connolly was warned about the shakedown, Rakes said Bulger paid him a visit and warned him that he'd better tell Lundbohm to "back off."

"I was more scared then than I ever was," said Rakes. "I figured he had a pipeline right to the FBI."

After Rakes lied to the grand jury in 1991, Bulger confronted him on his way home from the courthouse and revealed that he knew everything that had happened in the secret, closed-door proceeding, Rakes said.

"He had a piece of paper in front of him and he had all of the questions that the prosecutor had asked me," said Rakes. "I said, 'Thank God I went in there and lied like crazy or I'd be dead by now.' "

Connolly was charged in 1999 with protecting Bulger and Flemmi from prosecution in the Rakes case and leaking information that caused his gangster informants to kill three potential witnesses against them.

Bulger became a fugitive after his January 1995 racketeering

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indictment, but Rakes said the gangster slipped back into town twice that year to scare him - once pulling up to him on a South Boston street and shouting from the passenger seat, "I'm watching you."

After his September 1995 grand jury appearance, Rakes, a track inspector for the MBTA, said he panicked when he saw Weeks standing on the platform at the Red Line's Broadway station and fled down the tracks, brushing the third rail. Rakes said he was hospitalized for several days following the accident.

The Rakeses were divorced in 1990. Rakes declared personal bankruptcy in 1993 and again last year and faces a number of angry creditors who say he scammed them on property deals. Rakes says all of his financial and personal troubles stem from the extortion.

What Rakes said he wants now, besides money, is his liquor store back. Now called Columbia Wine & Spirits, it was closed recently. Federal prosecutors have asked a judge to order the property forfeited to the government.

"I would like everything back the way it was," said Rakes. "But that's not real."

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Caption: Stephen Rakes reacting during an interview as he described how Stephen Flemmi and James "Whitey" Bulger threatened him. / GLOBE STAFF PHOTOS/PAT GREENHOUSE

--- INDEX REFERENCES ---

NAMED PERSON: RAKES, STEPHEN; FLEMMI, STEPHEN; WEEKS, KEVIN; CONNOLLY, JOHN

ORGANIZATION: FEDERAL BUREAU OF INVESTIGATION

NEWS SUBJECT: English language content; Crime and Courts; Political and General News; Crime (ENGL GCRIM GCAT CRM)

NEWS CATEGORY: MET

EDITION: THIRD

LAYOUT CODES: (LCR)

2825

10 PROTECTIVE ORDER

January 11, 1984

PERSONAL

Mr. John M. Morris
Federal Bureau of Investigation
Boston, Massachusetts

Dear Mr. Morris:

You certainly merit commendation for your significant achievements in connection with the "BOSTAR" investigation. It is, therefore, a pleasure for me to recognize your efforts by bestowing on you an incentive award which is represented by the enclosed check.

Your exemplary management of your supervisory duties and your expert direction of a valuable source were of great assistance to this major, long-term investigation. You can indeed take pride in knowing that your participation in this matter contributed significantly to its success, and I want you to know that you have my sincere appreciation and gratitude for your outstanding services.

Sincerely yours,

William H. Webster
William H. Webster
Director
REC-108
67-693564-84
JAN 12 1984

MAILED 8
JAN 11 1984

Enclosure
1 - SAC, Boston (Personal Attention) Enclosures (2) (\$500 Award)
RE: BOSTAR

You should personally present this award and should this not be possible or should presentation be unreasonably delayed by your absence official acting for you should present it. Inform employee net amount of check represents this award less withholding tax.

- Exec AD Adm. _____
- Exec AD Inv. _____
- Exec AD LES _____
- Asst. Dir.:
- Adm. Serv. _____
- Crim. Inv. _____
- Ident. _____
- Insp. _____
- Intell. _____
- Lab. _____
- Legal Coun. _____
- Off. Cong. & Public Affs. _____
- Rec. Mgnt. _____
- Tech. Serv. _____
- Training _____
- Telephone Rm. _____
- Director's Sec'y _____

(4) 67-693564 Award #407-84

EXHIBIT
779

Based on FD-255 and Airtel from SAC, Boston, 10/7/83, CID addendum, 11/14/83, Airtel from SAC, Boston, 12/5/83 and ASD addendum, 12/19/83, re Edward L. Allen, et al., Recommendation for Incentive Awards and Letters of Commendation.

JAN 18 1984

FBI/DOJ

FBI-HCGR-000001844

JC/ [redacted] C
1. [redacted] B
A

On 2/12/84, [redacted] advised that Bobby Daddieco reached out for Stevie Flemmi and told Flemmi that two Feds had visited him and wanted him to be a witness for the government in the upcoming case against the Angiulos and Larry Baione. Daddieco stated that the Feds laid out their case for his appearing as a witness but he (Daddieco) told them that he would not testify under any circumstances and if he was brought back he might have some things to say which the authorities would not want to hear. But in any case, he would not hurt Flemmi. Daddieco said he has a lot of guilt over what he did to Frankie Salemme even though Frankie had it coming. Daddieco told Flemmi that he was broke. He stated that he met the Feds in a hotel room and then they took him out to dinner. He said they wanted to meet him again but he screwed. Daddieco offered to tell Flemmi where he was located, but Flemmi told him he did not want to know.

THE ABOVE REPORT IS A SUMMARY OF THE INFORMATION CONTAINED IN THE ORIGINAL REPORT AND IS NOT TO BE USED AS A SUBSTITUTE THEREFOR.

EXHIBIT
780

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