

Rachel's Environment & Health News

#40 - Solid Waste Industry Is Immersed In The Tactics Of Organized Crime

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"There is a substantial body of evidence that organized crime controls much of the solid waste disposal industry in New York State and elsewhere. There is also evidence that the criminal activity is not confined entirely to organized crime, but is also engaged in by other unscrupulous entrepreneurs; and that there have been instances of multinational corporations not hesitating to jeopardize public health and safety."

This quotation is taken from the opening paragraph of a report titled, ORGANIZED CRIME'S INVOLVEMENT IN THE WASTE HAULING INDUSTRY, first released in June, 1986, and re-released in July, 1987. The report pulls together information from Congressional and state investigations over the past 20 years but stresses information gained during hearings held by New York State Assemblyman Maurice Hinchey in 1984.

"The objective has been to produce an accurate assessment of the waste disposal industry and the extent of criminal activity within it, as well as to discuss policy alternatives needed to correct the problems." The bulk of the report focuses on New York. Nevertheless, the report gives a good picture of how the solid waste hauling industry works. It is not a pretty picture.

Organized crime--in a narrow sense the Mafia, and in a broader sense any large gang of ruthless thugs who set out to profit at the expense of the public and who succeed to such an extent that they can operate with impunity--has gained influence from time to time in many American industries. But the solid waste industry has been particularly prone to takeover by organized crime.

The basic feature of organized criminal involvement is the "property rights" system by which one hauler maintains his right to pick up garbage from a particular customer. (We use "his" and "he" throughout this discussion because we don't know of any women running waste hauling operations.)

Garbage is a low-tech business. You need a strong back and a truck and a place to dump the stuff, and not much else. Under these circumstances, you would expect a lot of competition between haulers. The "property rights system" minimizes competition. Under this system, a hauler buys the right to pick up waste from a "stop" (the Mafia's name for a customer). The price of a stop is 30 to 50 month's income from that stop. So you buy a stop and then for 30 to 50 months you make not a penny picking up the garbage there. Naturally, during that period (and beyond), you need to be guaranteed that no one else will come along and offer to haul garbage from that stop for a lower price. The Mafia (or other unit of organized crime, such as a large waste hauling company) guarantees that no one will bid against you for the right to service that stop. If anyone DOES bid against you, the Mafia (or someone else) intimidates the newcomer, threatens him, breaks his legs or even murders him. Murder is not necessary very often. Newspaper stories about a little violence go a long way toward getting the message out: don't compete against the people who now haul the garbage in this town or that town. Often just a brick through a truck windshield is sufficient to get the message across.

The vehicle for establishing and enforcing the property rights system is the "trade waste association," the membership of which is made up of the waste haulers working in an area. The associations are syndicates typically controlled by organized crime through the usual tactics of economic reprisal, intimidation, violence and, when necessary, murder. The trade waste association can dictate the price that waste haulers will receive for their services and it can prevent customers from switching to another hauler to get better terms. Sometimes the labor union representing the waste haulers will also be controlled. The garbage strike becomes another weapon for enforcing the property rights system (in addition to serving the legitimate function of gaining a fair wage and better working conditions for workers).

Organized crime seeks to corrupt law enforcement officers and

public officials through bribes, payoffs and even intimidation. And tactics developed by the mob are now used successfully by "legitimate" businessmen in the waste hauling industry.

Large waste haulers come in for special notice in the Hinchey Report. The sordid history of SCA Services is outlined briefly--they were up to their ears in organized crime and illegal waste disposal in New Jersey and New York, including allegations by witnesses under oath that SCA had murdered two competitors. SCA was run by such successful businessmen that Waste Management, Inc.--the nation's largest waste hauler--bought them out for \$423 million in late 1984. SCA was at that time the nation's second largest waste hauler.

When Waste Management absorbed SCA, BFI of Houston, TX, became the No. 2 hauler in America. The Hinchey Report devotes a short but revealing chapter to BFI's organized crime connections and tactics. Hinchey cites instances in which BFI has been accused by officials of price fixing (with SCA) in Georgia, of bribing a state senator in Texas, of fixing prices in six counties in New Jersey, of paying off health officials in Pennsylvania, and of charging competitors exorbitant prices for allowing them to dump in a BFI landfill in Colorado. These are the tactics of organized crime, as the Hinchey Report makes clear.

The Hinchey Report makes good reading because all our friends in the waste hauling industry appear, and because their ways of doing business are spelled out so clearly. The quotations are vivid, so the individuals come alive. For example, Anthony Corallo, boss of the Luchese crime family is riding in a chauffeur-driven Jaguar that he does not know is bugged. The chauffeur looks in the rear-view mirror and sees they're being tailed by law enforcement officials. He says, "They're behind us now, they figure you running some big, big enterprises right now. That's what it is. You know, with the garbage, and with an... and with incinerators now, and ah... with all that shit. Incineration is a big thing with us, the thing of the future. They figure that you got it, that you control it." Mr. Corallo replies: "They're right, you know."

Get your free copy of the 187-page ORGANIZED CRIME IN THE WASTE HAULING INDUSTRY from Assemblyman Maurice Hinchey, Room 625, Legislative Office Building, Albany, NY 12248; phone (518) 455-4436.

--Peter Montague

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