

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1433174-000

Total Deleted Page(s) = 24

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- Page 35 ~ Duplicate;
- Page 36 ~ Duplicate;

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X Deleted Page(s) X  
X No Duplication Fee X  
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4-23-94 <sup>B</sup> / A new  
281A  
USA 4/21/94

281A-7A-196883-1

SEARCHED	INDEXED
SERIALIZED	FILED
APR 22 1994	
LOS ANGELES	

b  
b7

(09/19/94)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/16/1996

To: Los Angeles

From: [redacted]

Squad CE-6

Contact: SA [redacted]

x3632

Approved By: [redacted]

Drafted By: [redacted] : dw

Case ID #: NEW CASE *37A LA*

Title: [redacted]

FRANK CALI;

[redacted]

Doing Business As,  
THE TRAVEL PHONE CARD COMMUNICATIONS COMPANY;  
OC/DI-LCN-~~6~~*GAMBINO*/COLOMBO CRIME FAMILIES;

Synopsis: Request to open a new investigation.

Details: A reliable confidential source has recently advised that

[Large redacted area]

Contact with New York Field Office has revealed that Frank Cali is a driver for the [redacted] of the Gambino Family known as [redacted]

Source further advised that [redacted]

*SG107026. ec*

b6  
b7C

b6  
b7C  
b7D

To: Los Angeles From: [redacted]  
Re: New Case, April 16, 1996

b6  
b7C  
b7D

[redacted]

Source advised [redacted] is involved with both  
[redacted] Cali and possibly [redacted] in the Travel Phone Card  
Company.

◆◆

(Title) \_\_\_\_\_

(File No.) 281A-LA-196883

Item	Date Filed	To be returned		Disposition
		Yes	No	
1	2/1/97		✓	CALI [redacted] 11/95 ✓ VIA [redacted]
2	"		✓	DRIVERS LICENSE PHOTOS OF SUBJECTS FRANK CALI L

b3  
b6  
b7C

281A-LA-196883-1A

SEARCHED _____	INDEXED _____
SERIALIZED <u>✓</u>	FILED <u>✓</u>
FEB - 1997	
FBI - LOS ANGELES	

Field File No. 281A LA 196883

Serial # of Originating Document \_\_\_\_\_

OO and File No. \_\_\_\_\_

Date Received 5/96

From \_\_\_\_\_  
(Name of Contributor)

\_\_\_\_\_  
(Address of Contributor)

\_\_\_\_\_  
(City and State)

By \_\_\_\_\_  
(Name of Special Agent)

To Be Returned  Yes  No    Receipt Given  Yes  No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure  Yes  No

Title:

Reference: \_\_\_\_\_  
(Communication Enclosing Material)

Description:  Original notes re interview of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b3  
b6  
b7C

b3  
b6  
b7C

11175

281A LA 196883 -1A-1

Universal Case File Number 281A-LA-196883

Field Office Acquiring Evidence \_\_\_\_\_

Serial # of Originating Document \_\_\_\_\_

Date Received August 96

From FBI - ACBANK  
(Name of Contributor) F&S

VIA Suspense  
(Address of Contributor)

\_\_\_\_\_  
(City and State)

By \_\_\_\_\_  b6  
b7C  
(Name of Special Agent)

To Be Returned  Yes  No

Receipt Given  Yes  No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure

Yes  No

Title:

Reference: \_\_\_\_\_  
(Communication Enclosing Material)

Description:  Original notes re interview of

b3  
b6  
b7C

281A-LA-196883-1A-2

28 1A-LA-196883-2

SEARCHED _____	INDEXED _____
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APR 26 1996	
FBI - LOS ANGELES	



# Iacocca's New Gig

*All sorts of interesting characters are getting into long-distance-phone-call "reselling," an unnoticed and virtually unregulated \$14 billion business.*

**W**E ARE GONNA DESTROY AT&T," declares Vinny Russo, the sales manager of the prepaid-phone-card division of the Manhattan-based Communications Network Corp., one of the newest providers in the burgeoning long-distance-telephone service "resale" market.

Sure, Russo may sound a bit bluff, but "reselling"—in which a company buys long-distance time in bulk from AT&T, MCI, or Sprint and retails that time to consumers at a putative discount—is one of those hugely profitable businesses that sprout out of tiny loopholes created when vast industries are deregulated. According to a recent *Wall Street Journal* article, reselling brought in \$14 billion last year, or 20 percent of all long-distance revenue.

Vinny Russo doesn't quite give off that cutting-edge-of-the-information-revolution vibe. Dressed in a leopard-pattern silk shirt and Sansabelt slacks, and telling me about how "within a year we will have machines in every bar, restaurant, and store in the city" as we sit, along with two of his associates, in their magnificently appointed conference room high above Pennsylvania Station, Vinny is a touch more old-school.

Russo's company does, however, seem to have caught on to a universal truth of nineties marketing: Slap a famous person on it, and it will sell. His company is pioneering a heretofore underexploited niche: the celebrity prepaid phone card. You can buy a CNC phone card in denominations of \$10, \$20, and \$40 en-

blazoned with the expansively happy mug of Lee Iacocca. There's another, even more strangely adorned with the authoritative visage of F. Lee Bailey, who apparently found enough time off from defending O. J. Simpson to pose for Vinny and his colleagues. "Both of them are involved with the company," Russo says, "and we go back with Lee [Iacocca] a long time." Neither Bailey nor Iacocca responded to repeated requests for comment.

A few minutes later, the door to the conference room opens and a nattily dressed gentleman walks in. He is greeted with theatrical air kisses by my three hosts. Russo immediately identifies me as a writer, but the gentleman is simply introduced as "Joe, the owner."

self had suggested that I speak to him, Russo said. "That can't be right; you must have talked to a different Watts.")

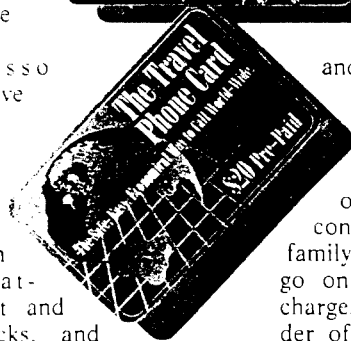
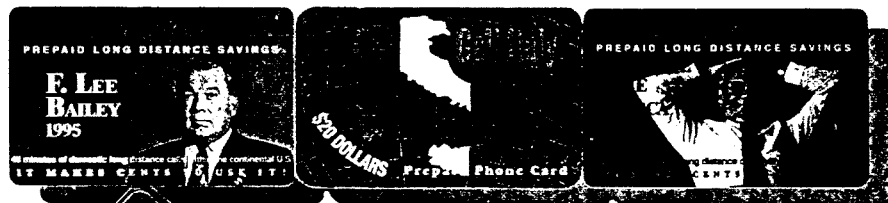
Officials say that before Gotti was shipped off to Marion, Illinois, for a few hundred years, he employed Watts—whose German ancestry precludes his ever becoming a "made man" in the mob—as a top financial adviser.

It's no coincidence that a man like Watts would end up in a business like reselling. Ever since the government deregulated the long-distance-phone business in the eighties, the Federal Communications Commission has resisted imposing any restrictions that would dampen competition in the \$70 billion-a-year long-distance market. As a result, just about anyone can become a

long-distance reseller. Barbara Esbin, an FCC attorney, says she remembers speaking to a prepaid-phone-card group last year and facing an

audience that "ranged from the Bell-heads to people you would expect to see selling watches on 42nd Street."

One reason reselling is an attractive business is the ease with which you can get customers. The FCC is being flooded with complaints from customers that phone companies are taking over their long-distance service without their approval or even knowledge. Though the big three long-distance companies—AT&T, Sprint, and MCI—have long been accused of engaging in this practice, called "slamming," many of the recent complaints are directed at smaller outfits that use hard-hitting telemarketing pitches and misleading junk-mail solicitations to lure customers. The unwitting phone users are then hit with huge long-distance bills. The practice, the *Journal* estimates, costs customers roughly \$100 million a year in unwanted billings. Because regulations are so lax, the customer has little to no legal recourse. However, 25 states are now in the process of passing legislation to



and is politely but swiftly ushered out of the room. This reticence is understandable because Joe the owner is Joe "the German" Watts. Watts, law-enforcement officials charge, is an unofficial consigliere of the Gambino crime family. "The German" is scheduled to go on trial next month to answer charges that he participated in the murder of Paul Castellano and his aide Tommy Bilotti in front of Sparks Steak House in 1985 and then offed Gambino family member Thomas Spinelli, who had been cooperating with Feds investigating the Sparks murders. Watts was fingered as a backup shooter in the Sparks killings by Sammy "the Bull" Gravano during the trial of Gambino don John Gotti in 1992. Watts is also charged with conspiracy in a 1989 murder.

(Russo last week denied that a person named Joe Watts is connected with the company, identifying the owner as "Wally." When I told Russo that Watts him-

You can run all around town  
and still not find jewelry this interesting.



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force resellers to obtain the explicit approval of customers before taking over their long-distance service.

Communications Network Corp., like many other resellers, sells prepaid phone cards, which are the size of credit cards and allow the buyer a set number of telephone minutes at a set amount per minute depending upon the area code called. The card lists an 800 number and a personal-identification number that permits the buyer to gain access to his newly purchased long-distance account. "With our card, you can call anywhere in America for 15 cents a minute," Russo says. "Let AT&T top that."

AT&T certainly can't top CNC's Watts for local color. Holding court at his then-regular Thursday-night hangout, the now-defunct East Side Euro-boite Rouge, one evening last winter, Watts celebrated his birthday inside a roped-off area near the dance floor, which was manned by three refrigerator-size bodyguards. A number of known mobsters came by to pay their respects as Watts, resplendent in a bright-blue silk suit with a white shirt that had those collars with the incredibly long points, sipped white wine. A waitress was overheard telling a friend, "When Joe drinks white wine, everyone drinks white wine."

THE BOTTOM LINE

It is certainly possible that Joe Watts's investment in CNC, estimated at \$15 million, is simply a legitimate business venture, and no allegations of wrongdoing have been directed at the company. But a Manhattan assistant D.A. who has been looking into CNC says, "The long-distance-telephone business is a prime area for illegal activity. It is a cash business and is loosely regulated, the perfect business for the mob." A police official explains, "The city's ban on cigarette machines in bars and restaurants a few years ago put a number of mob guys on welfare. These guys can't wait to start putting their phone-card vending machines where the cigarette machines were."

Which brings us back to Lee Iacocca and F. Lee Bailey and their mysterious new roles as phone-card pitchmen for a company apparently headed by an indicted mobster. Bailey, it turns out, is Watts's attorney in the pending murder-conspiracy case. Russo did not say whether Bailey was being paid for providing his face to the phone-card endeavor. He also had no explanation for Iacocca's involvement with the calling cards, but he did say that the former Chrysler chairman is getting something out of the deal. Says Russo: "We gave Lee a thousand of our \$40 phone cards."

281A-LA-191.883-3

SEARCHED	INDEXED
SERIALIZED	FILED
APR 26 1996	
FBI - LOS ANGELES	

281A-LA <sup>196883</sup>  
SFG/dw

On [redacted] provided the following  
information to Special Agent (SA) [redacted]

[redacted]

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b7D

[redacted]

[redacted]

b6  
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b7D

SEARCHED  
SERIALIZED  
INDEXED  
FILED

281A-CA-196883-5

SEARCHED	INDEXED
SERIALIZED	FILED
APR 26 1996	
FBI - LOS ANGELES	
CV	

JBM:dam

On [redacted] furnished the following information to Supervisory Special Agent (SSA) [redacted] of the FEDERAL BUREAU OF INVESTIGATION (FBI):

[redacted]

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b7C  
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[redacted]

X  
b6  
b7C  
b7D

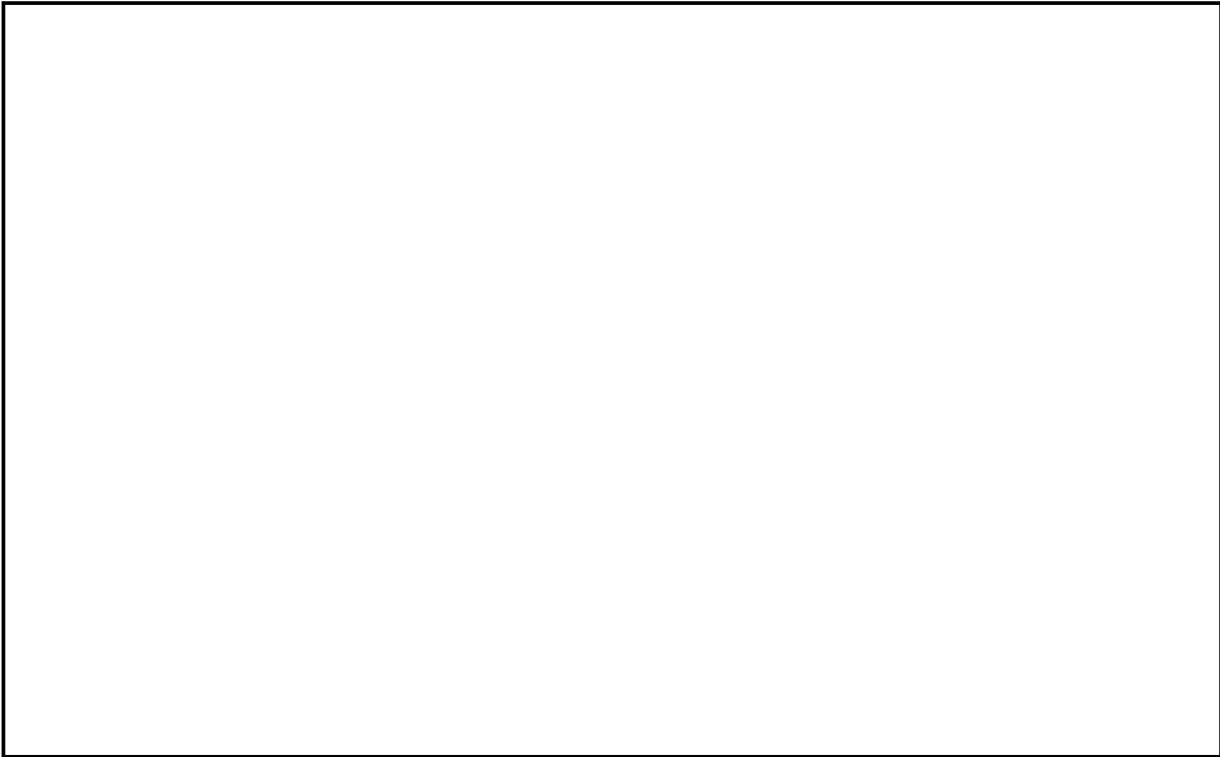


b6  
b7C  
b7D

*3/20/65  
4/26/65*

FRANCIS CALI, aka FRANK CALI, SSAN 076-66-3164,  
telephone (718) 837-4864, address 7306 18th Avenue, Brooklyn, New  
York 11209.

b6  
b7C  
b7D



b6  
b7C  
b7D

*251A-1A-190883-6*

SEARCHED	INDEXED
SERIALIZED	FILED
APR 26 1996	
FBI - LOS ANGELES	

281A-LA-196883  
SFG/dw

On [redacted] provided the following  
information to Special Agent [redacted]

[redacted]

b6  
b7C  
b7D

Source further advised that he is almost positive that  
FRANK CALI [redacted] bought into a phone company called UCN  
in Compton, California.

281A-LA-196883-7

SEARCHED	INDEXED
SERIALIZED	FILED
APR 25 1968	
[redacted]	SELES

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b7C



281A-LA-196883  
L/SFG/sfg

On [redacted] provided the following  
information to SA [redacted]

Source advised that [redacted]

[redacted]

Source also advised that [redacted]

[redacted]

Source advised [redacted]

[redacted]

b6  
b7C  
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281A 196883-16

SEARCHED	INDEXED
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SEP 20 1996	
FBI - LOS ANGELES	

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SEP -19 1996	
FBI - LOS ANGELES	

251A - LA - 196883

(Mount Clipping in Space Below)

# Fone card fleece

## Firms collect, don't deliver

By DOUGLAS FEIDEN

Daily News Business Writer

Hundreds of New Yorkers are being fleeced by fledgling companies that sell pre-paid telephone calling cards at stores around the city.

Consumers complain that they are shelling out money for phone cards that don't work and that aren't worth what they paid for them.

This has led to an explosion of complaints to the Better Business Bureau and the city's Department of Consumer Affairs.

The victims of the alleged scams are mostly immigrants, minorities and the inner-city poor who buy phone cards at delis, bodegas, newsstands and check-cashing places, often to call loved ones abroad.

But when the cards turn out to be worthless, the buyers say, they're turned down when they ask to have their money refunded.

That's what happened to Mustafa Abdi, a student at Middlesex County College in New Jersey who paid \$300 for a card he saw advertised in India Abroad, an ethnic newspaper that targets the Indian community in America.

He had purchased seven hours' worth of calls to India, but the card cut off after he got just four hours of use. "Then I called the company literally 100 times over a two-month period to complain, but I never got my money back," Abdi said.

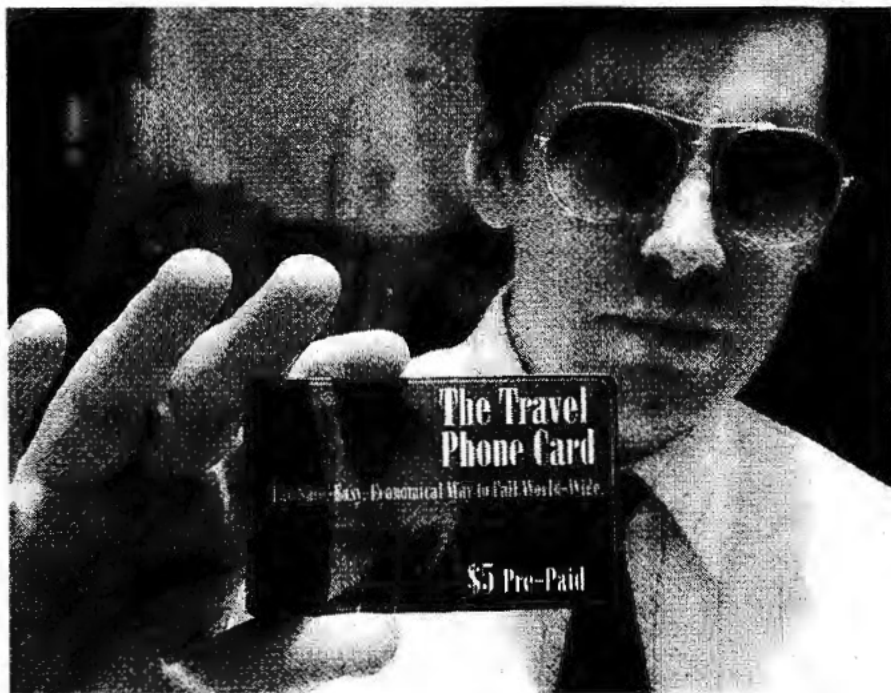
It's a story watchdogs are hearing again and again.

"We're concerned these so-called telephone companies may be engaged in deceptive and fraudulent practices that rip off the consumer," said Consumer Affairs Commissioner Jose Maldonado. "They pay hard-earned money only to find they can't make a connection, or they pay for 10 minutes and only get two."

The phone card companies say the problems are just part of the growing pains of a start-up industry bursting at the seams. But consumer advocates say abuse is rampant.

In fact, two Manhattan companies in the \$1 billion industry have attracted the scrutiny of business and government watchdogs in recent days:

■ Trans-Asian Communications Inc., at 1170 Broadway. The company caters



BUDD WILLIAMS DAILY NEWS

**ON HOLD:** Fred Stabile says he received only \$2 in calls from \$5 pre-paid card issued by Conetco. When he called customer service numbers, all had been disconnected.

to immigrants from India, Pakistan and Bangladesh. It has an unsatisfactory rating with the Better Business Bureau, the lowest possible grade.

The BBB has received 47 complaints about the company this year, some alleging theft and fraud. Last year, it received none.

■ **CNC Communications Network Corp., or Conetco, at 1 Penn Plaza.** The firm peddles the Travel Phone Card, primarily to Chinese immigrants.

Nearly 60 complaints were filed with the department last week, including charges of fraudulent practices, following a published report in a Chinese newspaper of alleged deceptive practices. None had been filed before.

Trans-Asian acknowledges problems coping with its rapid growth, but says it has 30,000 satisfied customers, dwarfing the number of complaints.

Conetco acknowledges that hundreds of customers lost use of their cards last month after its long-distance service provider discontinued service because of a billing dispute. It says a new carrier will take its place and customers won't lose anything.

"With the enormous diversity of long-distance telephone providers, there's a great potential for people being taken," said Barbara Berger Opatowsky, the BBB's president.

That's apparently what happened to these two card users:

■ Krishna Maddali, a geologist at the city Department of General Services. He spent \$80 with Trans-Asian to call India for 169 minutes — and never got through. But each time he attempted a call, more money was deducted from his card. "I can afford it, but I don't like to see people cheated," Maddali said.

■ Fred Stabile, a telemarketer and paralegal. He bought a Travel Phone Card from a newsstand in Astoria, Queens, for \$5. He had \$3 left on the card when it inexplicably stopped working. "I was shocked," he said. "What kind of a scam is this?" When he called Conetco's customer service numbers, they had all been disconnected.

The companies say they are working to solve consumer complaints.

"We know we have some serious problems, but we just can't afford to resolve every single one of them as fast as we'd like," said Rajesh Kalra, president of Trans-Asian.

Chuck Eckenberg, Conetco's chief operating officer, said the company is "trying in every way we can to rectify a bad situation and let the public know we're not trying to rip them off. No one will lose a penny."

281A-LA-196883  
SFG/sfg

On [redacted] provided the following  
information to SA [redacted]

Source advised that [redacted] Frank Cali are  
now operating a phone card called the Public Phone Card. [redacted]

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[redacted]

[redacted]

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281 LA-196883 -19

SEARCHED	INDEXED
SERIALIZED	FILED
OCT - 9 1996	
FBI - LOS ANGELES	

281A-LA-196883  
SFG/sfg

C

On [redacted] provided the following  
information to SA [redacted]

Source advised that [redacted] Frank Cali are  
operating a phone card called the Public Phone Card. [redacted]

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*I  
sending info to  
NYO!  
J  
DAG*

*281A 196883 -20*

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NOV 25 1996	
[redacted]	ANGELES

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b7C

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE

**Date:** 3/28/1997

**To:** Los Angeles

**From:** SA [redacted]  
CE-6

**Contact:** SA [redacted] X3632

**Approved By:** [redacted]

**Drafted By:** [redacted]

**Case ID #:** 281A-LA-196883 (Pending)

**Title:** [redacted]

FRANK CALI;  
OC/DI-GAMBINO/COLOMBO LCN FAMILY;  
OO:LA

**Synopsis:** Request to close case.

**Details:** Due to no further information relating to above captioned individuals relocating or investing in Los Angeles it is requested that above captioned case be closed.

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b7C

*Handwritten:* 4-4-97  
[Signature]  
4/4/97  
1

281A-LA-196883-22

SEARCHED _____	INDEXED _____
SERIALIZED _____	FILED _____
MAR 28 1997	
FBI - LOS ANGELES	