



RICO— The Mafia Connection

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It is easiest to understand the RICO Act when you realize that it was designed to be used to prosecute the Mafia. In the context of the Mafia, the defendant person (i.e., the target of the RICO Act) is the Godfather. The activities that are considered racketeering are criminal activities in which the Mafia commonly engages, e.g., extortion, bribery, loan sharking, murder, illegal drug sales, prostitution, etc. The pattern of criminal activity has been occurring for many years and even possibly for generations. This creates a pattern of criminal activity in which the Mafia family has engaged. These criminal actions possibly done over a span of 10 years or more, constitute a pattern of racketeering activity. The purpose of the RICO Act is to hold the Godfather criminally liable for the actions of his own criminal network. The government can criminally prosecute the Godfather under RICO and send him to jail even if the Godfather has never personally killed, extorted, bribed or engaged in any criminal behavior. The Godfather can be imprisoned because he operated and managed a criminal enterprise that engaged in such acts. The victims of the Mafia family can sue for damages civilly. They can potentially recover their economic losses that they sustained by the actions of the Mafia family and their pattern of racketeering. The section of the RICO Act that permits civil recovery is section 1964(c). The persons who could potentially recover civil damages might be the extorted businessman, or the employers whose employees were bribed, or debtors of the loan shark, or the family of a murder victim.



The opportunities for organized crime are now global.

Drugs diverted from a pharmacy in Illinois can quickly find their way to a Methamphetamine laboratory in California.



Organized Crime

There are many ways in which Organized Crime impacts the medical community. Some organized crime groups defraud national, state, or local governments by bid rigging public projects such as the construction of a hospital or a nursing home. Criminals can set up monopolies in medical supply wholesalers in the private sector to gain access to Federal and State funds. They can do insurance fraud such as auto insurance which can lead to falsified claims in the emergency room. The organized criminals can hijack cargo trucks carrying medical

supplies and divert them to drug dealers or terrorists. They can infiltrate large medical corporations with the purpose of doing insider trading with publically traded stock. Organized crime can also provide a wide range of illegal services such as loan sharking – providing money at very high interest rates or credit card fraud. They can set up operations to dispose of medical waste and thus do illegal dumping of toxic or even radioactive medical waste.

They are often involved in prostitution, crimes against children, and human trafficking, whose victims often present to medical professionals as needing emergency medical care. Organized criminals can eliminate an unwanted spouse by doing murder for hire or intimidate the witnesses of a crime. Organized crime organizations often victimize medical businesses through the use of extortion or theft.

Criminal organizations need to be fully integrated into the society in which they operate. Without support from the society in which it lives, the criminal enterprise would be immediately exposed to the actions of legitimate law enforcement and would lose the ability to function because members would be placed in prison and heavy judgments would bankrupt the criminal organization. Therefore criminal organizations have to establish symbiotic relationships with legitimate businesses. This is necessary for the establishment of fronts for fraud, deception to prevent law enforcement actions, and for money laundering.

Extortion performed "Under color of official right" so as to be in violation of Hobbs Act (18 USCA § 1951)

18 U.S.C.A. §§ 2, 1951. See § 17

18 U.S.C.A. § 2(b). See § 7[b], § 18[b]

18 U.S.C.A. § 1951. See § 1[a], § 1[c], § 4, § 9, § 17, § 18[b]

18 U.S.C.A. § 1951(b)(2). See § 18[b]

28 U.S.C.A. § 2(b). See § 7[b]

Criminal enterprises can evolve and organize very quickly when the need arises.

They are quick to capitalize on newly opened avenues of opportunities and to rebuild their network under another guise when caught by authorities.

The newest growth sectors for organized crime are identity theft and online extortion. These activities are troubling because of the growth of online organized crime.

Criminal RICO and Internet Pharmacies

There is every reason to take drug diversion from hospitals and pharmacies seriously. Smaller “Mom and Pop” Clandestine lab operators who dump the poison of methamphetamine into our society rely on the diversion of precursor chemicals from legitimate establishments. The ability of Internet Pharmacies to deliver precursor chemicals directly to the “meth cook’s” front door is concerning. The DEA through enforcement of the Controlled Substances Act works to ensure that a system of regulatory controls prevents diversion of pharmaceutical drugs. By law all entities and persons who make, buy or sell and/or dispense controlled substances must register with the DEA. This includes legal drug manufacturers, distributors, and dispensers—including hospitals, pharmacies and doctors. The careful, precise records of the whereabouts and movement of all the controlled substances helps prevent the diversion of these drugs into the illegal market. These records ensure a paper trail to account for each transaction, thereby deterring diversion in the first place. There are substantial civil fines for failure to keep proper records. Critical to this control is a valid Doctor/Patient/Client relationship. When the medical community relaxes their regulatory compliance, the rate of drug and chemical diversion to illicit channels increases. DEA's regulation of the five schedules of controlled substances creates the paper trail for every transaction, and holds accountable all registered participants in the chain of production and distribution. Lapses in adherence to the record keeping and reporting provisions undermine the closed system of distribution and create the opportunity for drug diversion. When the opportunity for diversion exists, it will often be exploited. There are substantial rewards to criminals who are able to divert drugs to illegal drug traffickers. Therefore the ability of an individual doctor to report concerns regarding the possible fraudulent distribution of prescription medication plays a key role in the checks and balances system. A breakdown anywhere in this closed system renders the whole control program ineffective. Medical Professionals, Pharmacies and Medical Corporations and even Veterinarians who are registered to distribute, prescribe and dispense controlled Schedule II through Schedule V controlled substances play an integral role in safeguarding their stocks of controlled substances from theft and diversion.



The act of engaging in criminal activity as a structured group is referred to in the United States as Racketeering.

In the U.S., organized crime is often prosecuted federally under the Racketeer Influence and Corrupt Organizations Act (RICO), Statute (18 U.S.C. Part 1 Chapter 96 §§1961 -1968).

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Mail or Wire Fraud

In addition to violations of the Controlled Substances Act, an e-commerce site because of its very nature raises potential criminal liability under the federal wire fraud, 18 U.S.C.A. Sec. 1343 and racketeer influenced and corrupt organizations (RICO), 18 U.S.C.A. Sec. 1961, statutes. Because the Internet is a connection of computers and servers connected by wire across state lines, it meets the definition of wires under the federal fraud by wire, radio or television statute. This means that any intentional "scheme or artifice to defraud" using the Internet would be a violation. 18 U.S.C.A. Sec. 1343. Wire fraud is a "racketeering activity" under RICO. 18 U.S.C.A. Sec. 1961 (1). A pattern of racketeering activity requires only two acts of racketeering activity. 18 U.S.C.A. Sec. 1961 (5). In other words, two separate sales from an Internet site that violate the mail fraud statute can create a violation under RICO. (Sec. 1341)

Definition of RICO

The Racketeer Influenced and Corrupt Organizations Act, commonly referred to as "RICO," was enacted in 1970 to address the infiltration of legitimate businesses by organized crime. RICO is a federal statute found at Title 18 of the United States Code. Section 1962(c) of RICO prohibits persons "employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity."

Under RICO, an "enterprise" is "any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity." 18 U.S.C. § 1961(4).

Further, under RICO, a "pattern of racketeering activity" consists of "at least two acts of racketeering activity" (*i.e.*, the "predicate acts"), occurring within a defined time period. 18 U.S.C. § 1961(5).

To constitute a "predicate act," an act must violate one of the specific statutes listed in 18 U.S.C. § 1961(1).

Government's Claims Under RICO -

Alleged "Predicate Acts" of mail or wire fraud

The statutes in Section 1961(1) for mail and wire fraud statues, are 18 U.S.C. §§ 1341 and 1343.