



## United States Attorney's Office District of Connecticut Press Release

May 9, 2007

### **MATTHEW IANNIELLO SENTENCED TO TWO YEARS IN PRISON ON FEDERAL RACKETEERING AND TAX CONSPIRACY CONVICTIONS**

Kevin J. O'Connor, United States Attorney for the District of Connecticut, announced that MATTHEW IANNIELLO, age 86, of Old Westbury, New York, was sentenced today by Senior United States District Judge Ellen Bree Burns in New Haven to 24 months of imprisonment, followed by two years of supervised release. Judge Burns also ordered IANNIELLO to pay a fine in the amount of \$6,000 and restitution of \$277,970.90. In addition, IANNIELLO has forfeited \$130,680 in cash that was seized by Connecticut law enforcement officials during a search of IANNIELLO's residence in July 2005. On December 20, 2006, IANNIELLO pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations Act (RICO) and one count of conspiring to defraud the Internal Revenue Service.

On June 8, 2006, a federal grand jury in New Haven returned an indictment charging IANNIELLO and several other individuals and businesses on various charges stemming from a long-term investigation in the waste-hauling industry in Connecticut and New York.

The Indictment alleges that, since the 1960's, in the New York metropolitan area, including Connecticut, garbage haulers, also known as carters, affiliated with certain organized crime groups have asserted without legal justification that they have a permanent "property right" to every "stop" that they collect. Under this property rights system, these "stops" remain with the controlling carter for as long as that carter is in business, regardless of whether the particular customer sells to a successor entity. In short, the property rights system dictates that participating carters will "respect" a fellow carter's claim to an account, either by not competing for that work or, when solicited by the customer, by declining to pursue the opportunity or bidding at a prearranged price designed to lose the contract. The property rights system has been enforced by Organized Crime Families of La Cosa Nostra, whose members back certain carters and, in exchange, receive "tribute" payments, also known as a "mob tax," which represents a portion of the participating carters' profits. La Cosa Nostra backing includes support in dispute resolution, and allows connected carters to intimidate other participating and nonparticipating carting companies. Carting companies that have "bucked the system" by competing and attempting to compete in an area for work have faced threats of economic and physical reprisal.

The property rights system is alleged to have existed in Connecticut since, at least, the mid-1980's. One of the effects of the property rights system has been to stifle competition by preventing small, independent companies from competing against companies affiliated with La Cosa Nostra and by preventing free competition for waste hauling and related services. The lack of competition and free enterprise, in turn, harms consumers who are forced to pay inflated prices for the carters' services.

The Government alleges that IANNIELLO is a high-ranking member of the Genovese Family of La Cosa Nostra.

According to documents filed with the Court and statements made in court, IANNIELLO admitted that he and others conspired to perpetuate the property rights system. IANNIELLO admitted that, for several years, he collected “tribute” payments from a member of Connecticut’s carting industry in exchange for his backing, and that he failed to declare these payments as income on his tax returns in 2001 and 2002, and failed to file tax returns in 2003 and 2004. A document seized during a July 2005 search of the office of one of IANNIELLO’s co-defendants, coupled with conversations intercepted during a long-term wiretap investigation, revealed the existence of the regular cash payments to IANNIELLO.

“This conviction and sentence should send a clear message that organized crime’s infiltration of Connecticut will not be tolerated,” U.S. Attorney O’Connor stated.

In imposing sentence, Judge Burns stated that, despite IANNIELLO’s age and failing health, “age is not a license to break the law.”

Today, IANNIELLO made an installment payment of \$100,000 on the restitution he owes, and he agreed to pay the balance, including penalties and interest, within nine months.

This matter is being investigated by the Federal Bureau of Investigation, the Internal Revenue Service – Criminal Investigation Division, the United States Department of Labor, Office of Labor Racketeering and Fraud Investigations and the Connecticut State Police. Assistant United States Attorneys Michael J. Gustafson, Raymond F. Miller, Anthony E. Kaplan and Henry K. Kopel are prosecuting this case.

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