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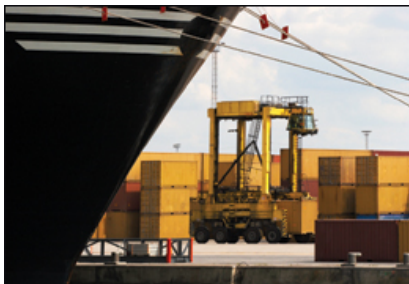
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### FBI 100

#### On the Waterfront, Mafia-Style

12/16/08



Our "UNIRAC" case undermined the Mafia's control of waterfront commerce on the East Coast.

Dockworkers in Wilmington, North Carolina were getting sucked into a trap. Needing money between paychecks, some went to James Lee, a former dockworker who had become a leader in their union—the International Longshoremen's Association, or ILA.

Lee had opened a small store across from the union hall and begun offering loans to his fellow members. But there was a catch. Lee charged an exorbitant interest rate, upwards of 25 percent per week.

Because he controlled the distribution of paychecks, Lee could make sure the dockworkers paid up: he would cash their checks by forging their signatures, take his cut, and then give what was left to the dockworker.



For the workers, this nefarious setup just kept them coming back for more loans. And if they complained? No luck—the mob had Lee's back.

**This scenario, which played out in the 1970s, was not an isolated one.** The Gambino and Genovese organized crime families had begun asserting control over waterfront commerce along the eastern seaboard in the late 1950s through a variety of racketeering schemes. Their influence in ILA was cemented by the 1970s, and the FBI was understandably concerned.

In 1975, as part of our [growing strategy to attack organized crime](#), we opened a case called UNIRAC (short for **Union Racketeering**), targeting systemic Mafia crime in ILA.

It began when a Florida businessman named Joe Teitelbaum—tired of being bilked by the mob—became a cooperating witness of the Miami Metro-Dade police. His information was shared with us, and we opened a joint investigation with the Miami police. Eventually, we began pursuing related crimes up and down the East Coast.

**New York became central to the widening investigation.** Anthony Scotto, a Gambino family capo who often extorted the hardworking dockhands, was a national ILA leader and one of the most politically powerful union leaders in the country. He seemed untouchable.

As a young agent, [Louis Freeh](#)—who later became FBI director—played a key role in the New York side of the case. One of his targets was a mobster named Michael Clemente, who was well connected to wider mob schemes. Freeh's job was to go undercover to get close to Clemente, discover his contacts, and help protect an informant working with us.

**He got very close, it turns out.** Freeh often hung around the gym where the mobster used a sauna to conduct his private meetings. Clemente soon warmed to this newcomer. Often wearing nothing but a towel, the undercover Freeh was able to help identify the mobster's associates. His act was so convincing that when Clemente saw Freeh in court waiting to testify at his trial, the Mafioso tried to get his attorney to let the judge know that the "kid" had nothing to do with the crimes.

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**We spoke to former Director Louis Freeh recently about his role in the UNIRAC investigation and its place in FBI history. Below is an excerpt from the interview. Read the full story in our "[Inside the FBI](#)" podcast and our "[FBI, This Week](#)" radio program.**

"The ramifications of the case were very significant. It was the first major labor racketeering case that the FBI had made. In those days, particularly in New York, the organized crime problem was dealt with by the FBI ... really sort of on a one-on-one basis. The notion of UNIRAC was that we would look at the entire enterprise, in other words the Longshoremen's union, juxtaposed [with] the Cosa Nostra groups that were controlling them. So the result of that was Director Webster in Washington established for the first time in the organized crime unit a labor racketeering desk. And the Bureau went on to look at cases not just on the East Coast but the central states, the Teamsters' cases, and really started to look at organized crime as an enterprise target. That was I think really responsible for the ... substantial weakening of [the Mafia] over the next 20 years."

*Louis Freeh, former FBI Director*

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Along with Freeh, dozens of agents worked for several years to develop evidence of criminal activity within ILA. It paid off on December 18, 1978—30 years ago this week—when a Miami grand jury charged 22 labor union officials and shipping execs for taking kickbacks and other illegal activities. It was just one of many indictments along the East Coast. In the end, more than 110 were convicted, including mobsters Scotto, Lee, and Clemente.

More work was yet to be done, but the Mafia was now on notice that the Bureau's new strategy was working.

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