

DISTRICT ATTORNEY – NEW YORK COUNTY

NEWS RELEASE
November 9, 2006

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Manhattan District Attorney Robert M. Morgenthau, joined by New York Police Commissioner Raymond W. Kelly and Thomas McCormack, Chairman of the New York City Business Integrity Commission, today announced that eleven people, including members and associates of the Genovese and Lucchese organized crime families, have been indicted on charges of running an illegal gambling ring at the New York City Terminal Produce Cooperative Market and the Hunts Point Cooperative Market (“the Markets”), both located in the Bronx, and at locations in New York County. Eight of the defendants have been indicted on enterprise corruption charges; three others have been charged in separate indictments with related gambling crimes.

The indictments are the result of a seventeen-month long investigation conducted jointly by the New York City Business Integrity Commission (“BIC”), the New York City Police Department’s Organized Crime Investigation Division (“OCID”), and the Rackets Bureau of the District Attorney’s Office.

The investigation began when the BIC developed leads that indicated a gambling ring was operating at the Markets. The BIC, which has a squad of OCID detectives assigned to it, referred the case to the District Attorney’s Office. The investigation leading to today’s indictments employed a variety of investigative techniques, including court-authorized wiretaps of fifteen target phones and the installation of a car bug. In addition, three rounds of court-authorized search warrants were conducted during June 2006, during which cash and gambling records were seized.

RALPH BALSAMO, JOHN CAGGIANO, JOSEPH PALLONETTI, SALVATORE PARAVATI, CIRO DIACO, DOUGLAS MALETON, CHARLES RUSSO and ROBERT RUSSO have been indicted for Enterprise Corruption, a class B felony punishable by up to 25 years in prison, and numerous counts of Promoting Gambling in the First Degree, Possession of Gambling Records in the First Degree and Criminal Usury in the First Degree.

SALVATORE DIPIETRO, has been indicted separately for Criminal Usury in the First Degree, a class C felony punishable by up to 15 years in prison.

Another indictment charges two other defendants, MICHAEL DISTASIO and RONALD SEEBECK, with Promoting Gambling in the First Degree and Possession of Gambling Records in the First Degree. These are class E felonies punishable by up to 4 years in prison.

The joint investigation focused on gambling activities at the Markets, entities regulated by the BIC, located on approximately sixty acres of City-owned property in the

Bronx. The NYC Terminal Produce Cooperative Market deals with fruit and produce that is brought from all over the county to be sold and distributed throughout the City. The NYC Terminal Produce Cooperative Market contains more than fifty wholesalers and generates approximately \$1.5 billion per year in sales. Similarly, the Hunts Point Cooperative Market is a central location for the distribution of meat products throughout the City.

The investigation disclosed that the gambling operations included both sports betting and "policy" bets, also known as "the numbers." The enterprise took in approximately \$1 million dollars in bets per year.

The indictment charges that the criminal enterprise -- the HUNTS POINT MARKET GROUP-- was a group of persons affiliated with the Genovese organized crime family who shared the common purpose of making money by operating illegal gambling businesses within the Markets and in New York County. The HUNTS POINT MARKET GROUP passed portions of the illegal gambling proceeds to higher ranking members of that group, including organized crime figures.

The indictment charges that at the top of the enterprise was RALPH BALSAMO, a soldier in the Genovese organized crime family who is currently incarcerated on unrelated federal racketeering charges. RALPH BALSAMO was responsible for supervising the gambling operations in the Markets run by his subordinates, and providing support and protection to the members of the enterprise. As such, BALSAMO was entitled to a portion of the criminal proceeds generated.

BALSAMO's lieutenant in the enterprise was JOHN CAGGIANO, an associate of the Genovese organized crime family and son-in-law of Dominick "Quiet Dom" Cirillo, the former acting boss of the Genovese family. CAGGIANO owns and operates C&S Wholesale Produce, Inc., one of the Terminal Market's larger produce wholesalers. JOHN CAGGIANO directly controlled and supervised the day-to-day business of the illegal gambling operations within the Markets. CAGGIANO's responsibilities included authorizing and supervising the criminal activities of, among others, two Genovese associates, ROBERT RUSSO and DOUGLAS MALETON, who acted as bookmakers in the Markets. ROBERT RUSSO, in turn, acted in concert with, and shared the proceeds of the illegal gambling activity, with other members of the HUNTS POINT MARKET GROUP, including his brother, CHARLES RUSSO, JOSEPH PALLONETTI, SALVATORE PARAVATI and CIRO DIACO. DOUGLAS MALETON replaced ROBERT RUSSO in the market when JOHN CAGGIANO fired ROBERT RUSSO from his position in the enterprise in January 2006 after a long-running dispute.

Specifically, the indictment charges that ROBERT RUSSO took illegal policy and sports bets from individuals at the Markets. When RUSSO was not present, JOSEPH PALLONETTI took bets at the markets and passed them on to RUSSO. At various times during the investigation, RUSSO passed the sports bets onto first, his brother CHARLES RUSSO and later onto RONALD SEEBECK. As for the policy bets, ROBERT RUSSO passed those onto SALVATORE PARAVATI and CIRO DIACO.

The investigation also disclosed that in order to make payments to winning bettors, ROBERT RUSSO on occasion borrowed money at usurious rates from SALVATORE DIPIETRO, a soldier in the Lucchese organized crime family. DIPETRO is charged separately for making those usurious loans to ROBERT RUSSO and others, thereby supporting and promoting the illegal gambling activity within the Markets. MICHAEL DISTASIO and RONALD SEEBECK are also charged separately for acting in concert with and sharing the proceeds of some of the illegal gambling activity conducted by ROBERT RUSSO.

As part of the investigation search warrants were executed in sixteen locations resulting in the seizure of numerous gambling records as well as \$162,937 in cash. Moreover, the investigation disclosed that during the one-year period from January 2005 through January 2006 the HUNTS POINT MARKET GROUP generated approximately \$800,000 in illegal gambling proceeds. Consequently, the Asset Forfeiture Unit of the District Attorney's Office has obtained a court order attaching in excess of \$800,000 of the defendants' assets. The District Attorney's Office has also attached approximately \$150,000 in assets based on the defendants' usurious loans.

Mr. Morgenthau thanked Thomas McCormick, Chairman, and Ronald Cohen, Assistant Commissioner of Investigations, of the New York City Business Integrity Commission, as well as Special Investigators Rodney White and Rubin Santiago, for referring the matter to the Manhattan District Attorney's Office and for working jointly on the investigation.

Mr. Morgenthau also thanked New York City Police Commissioner Raymond W. Kelly, OCID commanding officer, Deputy Inspector Brian O'Neill, Sergeant Michael Gerard who supervised the investigation on behalf of the NYPD, and Sergeant Steve Mattioli, Detectives Andy Varga and Steve Tesoriero, retired detective Al Schwartz, and Detective Nelson Pinela and retired detectives Jerome Pugh and Glenn Russo who were the case agents.

Assistant District Attorneys Brian D. Foley and Polly Greenberg, who are assigned to the District Attorney's Rackets Bureau, presented the case to the grand jury and will be in charge of the prosecution, under the supervision of Assistant District Attorney Patrick Dugan, Chief of the Rackets Bureau. NYDA Senior Rackets Investigator Joseph Chimienti and Trial Preparation Assistants Corie Patterson, Sherry Rujikarn and Danielle Schiffman assisted ADAs Foley and Greenberg.

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