

ALASKA TODAY--RUNAWAY CRIME AND UNION VIOLENCE

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ALASKA TODAY—RUNAWAY CRIME AND UNION VIOLENCE

BY MIKE GOODMAN and WILLIAM ENDICOTT

Times Staff Writers

ANCHORAGE—Widespread lawlessness, a helpless government and the stranglehold of a single Teamsters Union chief severely threaten a state crucial to the nation's future energy independence.

Police officials admit they are staggering under a runaway crime wave that has left vast areas of this country's largest state virtually unprotected.

"It's a war just to stay afloat," the state's attorney general told *The Times*.

And, as construction of the vital trans-Alaska pipeline passes the halfway mark, Gov. Jay S. Hammond said the state's top Teamster executive, Jesse L. Carr, has grown so powerful "nobody is going to challenge him."

State officials and former company employees assert that, to buy labor peace, officials of the Alyeska Pipeline Service Co., a consortium of eight major oil companies building the 798-mile-long project, have turned their backs on rampant featherbedding, union violence and massive thefts.

A two-month investigation by *Times* reporters found:

—Many workers earning a minimum of \$1,000 a week

spending much of their work day sleeping aboard buses that haul them to job sites.

—Pipeline barracks turned into armed camps, with brutal fights among feuding union gangs and pipeline welders rioting over such trivial issues as the absence of automatic washing machines.

—Theft of tools and equipment ranging from chain saws to trucks.

—A concentration of ex-felons—at least a score—in a variety of positions in the central supply warehouse in Fairbanks, which controls the flow of goods throughout the project.

Mel Personett, former head of pipeline security and now a top official with the Alaska State Troopers, said the warehouse, subject to Teamster contract, is "infested with some of Alaska's toughest hoodlums."

State investigators said they are frustrated because they "can't get anybody inside" to act as undercover agents.

"Alyeska (the pipeline company) is willing to accept a certain level of theft in order to buy labor peace," said Atty. Gen. Avrum M. Gross. "They'll do nothing to provoke the unions. They just want to finish that line. They've stayed about 10 miles away from state law enforcement people."

Charles A. Champion, the state's pipeline coordinator, described the company's attitude: "Give them (the unions) what they want, get the job done and let the next guy pick up the pieces."

Company president E. L. Patton conceded that he was certain "there's been more stuff stolen from this project than in the whole history of Alaska."

But he argued that large-scale thefts occur on any major construction project.

Meanwhile, hoodlums, Mafia figures, gamblers, pimps and prostitutes operate with impunity. Illegal casino-style gambling joints—the traditional vanguard of organized crime—operate openly within rock-throwing distance of police stations in Anchorage, Fairbanks and Valdez.

So serious has the problem become that Atty. Gen. Gross, a founder and former president of the American Civil Liberties Union in Alaska, is scratching for money to set up a state anticrime strike force to probe reports of organized crime infiltration.

A federal organized crime strike force has been investigating Alaska for more than a year, but G. Kent Edwards, U.S. attorney in Anchorage, insisted several weeks ago that crime is not a major problem in the state.

Nevertheless, news of the state's mounting instability

has disturbed some major banking institutions that are financing the pipeline work.

After a two-week tour of the state last month with other banking and oil company officials, one executive, Jonathan Peters of Bankers Trust Co. of New York, expressed concern to a *Times* reporter.

"It's frightening," Peters said.

The price tag for the pipeline project has risen from a \$2 billion projection in 1972 to a current estimate of \$6.4 billion, at a time when virtually all other construction projects also were suffering from massive inflation.

Ultimately, consumers at the gasoline pumps are "going to have to pay for every bloody bit of this," said economist Everett O. Bracken of the state Department of Commerce and Economic Development.

The state government, already severely strapped financially, also stands to lose millions of dollars in revenues it once thought it would get.

Under a complicated taxing formula, the state will receive royalties from the North Slope oil. But the state's royalties will be based upon the "posted price" of the oil, and the posted price will be determined primarily by the value of the oil minus the cost of the pipeline.

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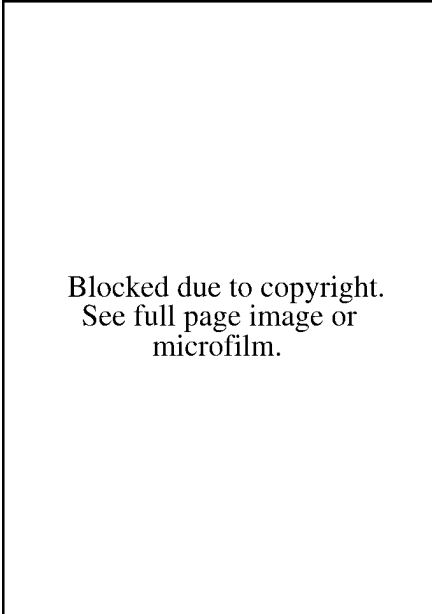
Teamsters' Jesse L. Carr
"I've got the hammer to shut it down..."



Gov. Jay S. Hammond
"Nobody is going to challenge" Carr.



Alyeska's E.L. Patton
"There's been more stuff stolen..."



Atty. Gen. Avrum M. Gross
"It's a war just to stay afloat..."

AP photos

Crime Wave, Teamsters Chief Have Stranglehold on Alaska

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So, in effect, much of the cost of the pipeline will be deducted from the state's royalties.

By late 1977, the pipeline is expected to provide more than 12% of the nation's daily oil needs, with 85% of it earmarked for California.

But Patrick L. Doherty, Alaska's chief petroleum geologist, said the potential of the state in meeting other energy and mineral needs, with resources ranging from uranium to coal, makes the present situation even more serious.

"Whatever numbers you project, this (state) energy supply will be a vital necessity for the western United States in the future," Doherty said, "and any sudden curtailment of it would be disastrous."

Thievery and boondoggling have persisted from the start of pipeline construction last year.

State troopers said that crimes including felonies went unreported to law enforcement authorities for several months in many of the 20 pipeline camps.

Pipeline officials "had to be getting reports, but nothing was being passed to proper authorities," said one veteran trooper headquartered along the pipeline route.

"One guy offered to deliver an undercover agent a D-9 cat for a bag of 'reds' and some grass," he added.

The pipeline's chief of security at the time was Mel Personett.

"Unreported crimes went on for several months," he said, "but we straightened out the reporting the moment it was brought to my attention. This only affected a few camps, but we have no idea what went on there before."

When The Times asked Patton, the pipeline company president, about unreported crime, he replied, "We have

the warehouse and said he no longer was working there, but he later confirmed through Ratterman that the man still was working and was a foreman.

Ratterman said the Teamsters generally have been cooperative in efforts to "make sure the warehouse operation is clean and above-board. . . . We have no proof that any person at the warehouse has ever engaged in any criminal activity involving Alyeska or its contracts."

Many top law enforcement officers, including the police chiefs of Fairbanks and Anchorage and many patrolmen and state troopers, quit their jobs this year under pressure of the rampant crime or the lure of \$50,000-a-year pipeline jobs.

M. E. Dankworth, a former state trooper chief who served under six Alaska governors, called the present police situation "a disaster."

Dankworth said he resigned in February because of concern over the present and past administration's law enforcement policies and personnel moves, including a lack of long-range planning to combat organized crime.

The state already is attracting figures linked to organized crime.

For example, Salvatore (Sal) Spinelli and Jerry Max Pasley, known associates of Mafia chieftan Joseph Bonanno, have moved into jewelry, tavern and restaurant businesses in Anchorage.

Minor underworld figures from the Washington-Oregon-California area also have found Alaska lucrative, according to state intelligence sources.

A pimp in Fairbanks said he was running a string of prostitutes in San Diego when word filtered down about the permissiveness in Alaska.

"I gathered my little flock together, rented us a Winnebago and we headed up the Alcan (highway) to the promised land," he said. "This is like taking candy from a baby."

By July of this year, banner headlines in a Fairbanks newspaper read: "Fairbanks Becomes Wild City, Prostitution Up 5,000 Per Cent."

In a year's time, assaults on police had jumped 500%, sex offenses and rapes 130%, robberies 160%, drug offenses 171%, fencing stolen goods 100% and drunkenness

4,216%. The population of the Fairbanks area also grew substantially during the year, climbing from 30,000 to possibly as high as 60,000.

"We just don't have the manpower for some things, like prostitution and gambling," said Fairbanks Police Lt. Curtis T. Gustafson.

Further south in Valdez, a deep-water port where the pipeline will end, a reporter dressed as a shaggy pipeline

"Anchorage police are Teamsters first and police second..."

worker climbed on a barstool at the Club Valdez, one of several local dives where hard drugs and prostitutes are openly available.

"This sure is a pretty wide-open town," he remarked to the bartender. "Aren't there any police?"

Within moments, three men confronted the reporter, one jabbing him sharply with a forefinger in the shoulder and chest.

"I don't know who you are, punk, but this here is a syndicate town. Don't you forget it. Keep your mouth shut, pay for your drink and move on."

Shortly after the reporter left the club, he stopped to talk to a pipeline truck driver who said he lost his paycheck playing blackjack and craps in an illegal casino a few doors away.

"I won a few hands in the beginning, but they cleaned me out," he said. "I knew I was getting cheated—so did the rest of us—but those are bad dudes. They'd just as soon kill you as point their finger at you."

When Cpl. Patrick Shely, head of the state trooper detachment in Valdez, was asked about the wide open crime, he replied:

"What do you want me to do about it? Do you want me to go over and roust those people?" He gestured toward the casino just a few blocks away.

"We'd be butchered. There's only three of us from here

to Glenallen (115 miles away).

"I've been approached by the Cosa Nostra several times and offered \$1,500 a month, but I'll never give in," he said. "It's up to you to tell people what's going on up here. Maybe we can get some help."

Ironically, the state capital, Juneau, is so isolated—accessible only by air or boat—that it is suffering few of the problems of the rest of the state.

But in Anchorage, the state's largest city, violent crimes, thefts, gambling and prostitution are zooming, and many state officials are worried about the effectiveness of Anchorage law enforcement because its policemen now are union members.

Nevada sources said Alaska has become a major market for casino equipment and "wack-out crews"—professional cheaters.

Undercover agent reports and visits by Times reporters found 12 illegal casinos operating in the Anchorage area.

Gov. Hammond, reflecting the views of several state and federal law enforcement officials, said:

"Anchorage police are Teamsters first and police second—and that's a shame."

Several weeks ago, Patton, the pipeline company president, told newsmen here, "The Teamsters consider that they are running the state of Alaska."

Teamster boss Jesse Carr happily accepted the tribute by declaring during an interview, "I've got the hammer to shut it down, and I have."

Indeed, Carr closed down the state's transportation industry for four days last February, allegedly to protest safety conditions on state highways.

But other sources said the shutdown was part of a Teamster effort to squeeze out a non-Teamster trucking company, Alaska Truck Transport, Inc.

In a suit against the Teamsters, the company charged the union with pressuring shippers through coercion and threats not to use its trucks. The Teamsters have denied it.

But Hammond, who won the gubernatorial race by only 287 votes last year over the Teamster-supported incumbent, William A. Egan, declared that the Teamsters would do "everything in their power to destroy anyone who gets in their way."

Carr laughed and told Times reporters:

"If I'd been counting the votes, he wouldn't have won." He referred to Hammond several times as "that son of a bitch."

In the late 1960s, Carr was indicted six times by a federal grand jury in Anchorage on charges that included embezzlement, extortion and making false statements to obtain a government loan.

The three separate cases dragged on for several years before Carr was acquitted on four counts. The other two were dropped when, according to court records, the principal witness had to undergo "extensive medical treatment" and was in "no physical condition to testify at trial."

Among the allegations in the extortion indictment was a threat by Carr to close down a building materials company owned by the witness "by cutting off the company's

"If you want to do business here, wages will kill you."

financing, by burning down the company property and by taking whatever other steps he could to break the company."

The investigation that led to the indictments was carried on by a Washington, D.C.-based anti-labor racketeering strike force headed by the current Watergate special prosecutor, Charles Ruff.

"They wouldn't have dared tried that locally," said Carr, who now refers to the indictments as "my problem."

The key to Carr's success lies largely in the contracts he wins for union members that provide free health care, legal assistance, life insurance, recreation facilities, lucrative pensions and salaries that pay clerical workers as much as \$9 an hour and long-distance telephone operators \$8 hourly.

Long-haul truckers operating north of Fairbanks, midway on the pipeline, make \$10 an hour and are paid for 18 hours of work per day regardless of the time they put in.

Carr, who is paid \$75,000 a year, said that by July, 1976, Alaska employers will be paying an estimated \$500,000 a day into Teamster trust funds—about \$500 per month, or \$3 an hour, for every Teamster employe.

Much of that money already has been committed for expensive indoor health and recreation spas now under construction in Anchorage and Fairbanks for Teamster members and their families.

"This is making an impact on the state in a way that I'm not sure we'll ever recover from," said Alaska economist Robert G. Botte. "If you want to do business here, wages will kill you."

The union controls a third of the state's recruitable work force, its members ranging from truck drivers to telephone operators to Anchorage policemen and some of the pipeline company's own clerical staff.

Through separate labor agreements, the Teamsters also represent longshoremen at ports in Anchorage, Valdez and elsewhere in the state.

By controlling millions of dollars in the Teamster pension and other trust funds, Carr strongly influences state banking interests and policies and sits on the board of directors of the state's major financial institution, the National Bank of Alaska.

Carr said Alaskan Teamsters will soon have about \$100 million in their pension fund—one of the local's five trust funds. The pension fund, which is independent of all other

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"I've got bumps all over my head from running into brick walls."

tried to prosecute every felony we've heard of." He said "all proven thefts" are reported.

But Personett said pipeline and camp officials resisted many efforts to stop violence and thefts.

"I've got bumps all over my head from running into brick walls," he said. He resigned in September, partly from the frustration, to return to the state troopers, Alaska's state police force.

Sloppy security and management practices made the remote pipeline route—overflowing with new equipment—a thief's dream come true:

—Small equipment and expensive tools were unmarked by the company.

—Inventory control and authorization signatures were nonexistent or ineffective.

—Equipment was ordered and reordered without question.

—Huge material yards were left unguarded.

"Alyeska doesn't want to know a damn thing about what's going on," said a former state trooper now working for the pipeline company. He requested anonymity.

"A lot of workers abandon their clothes to use their duffel bags to haul out the stuff. . . . like chain saws, binoculars, welding torches, drills—you name it," he said.

"I've seen guys dragging duffel bags so heavy they leave a rut in the dirt, but we're not allowed to inspect them."

Personett said he was not shown total theft figures but understood that replacement of missing small tools alone is costing \$10,000 a month at each of the 20 camps.

Early in the pipeline project, the company attempted to search the luggage of employees leaving the camps, but the Teamsters filed suit to block the searches and the company abandoned the effort.

As for thefts of large equipment, Jack Atkinson, an equipment control chief for the pipeline company, told a Times reporter in September: "There are some 200 trucks missing—scattered from Miami to Mexico City."

Asked about the missing trucks, Patton said he "would rather stick to a loss of 25-30 trucks—types assigned to individuals."

However, the main concern to every law enforcement officer interviewed is the huge pipeline warehouse complex near the Fairbanks airport.

Pipeline security sources as well as state investigators said a large percentage of material shipped for the pipeline project never reaches its destination.

Patton initially told The Times that employees in the warehouse had been bonded and the hoodlum element cleaned out. "We're running it," he said.

Later, when pressed for documentation, Patton said through an aide, John Ratterman, that he was wrong—the bonding never had been accomplished.

Ratterman said the pipeline insurance carrier indicated there was no way to weed out ex-felons because of "federal civil rights legislation and a generally more liberal attitude about discrimination."

"Having a criminal record doesn't necessarily mean someone is a criminal," Ratterman added.

The warehousemen in question have criminal records including armed robbery, extortion, burglary, larceny, resisting arrest, gambling, drug and heroin possession, shoplifting, aiding a felon and indecent exposure.

Ratterman said the company recently intensified warehouse security, but the Teamsters complained about non-union inspectors "so we continued the Teamsters as inspectors also."

A Teamster warehouse foreman had a charge of being accessory to a felony dropped in 1967 because, according to court records, "the defendant has permanently left the state of Alaska."

Patton at first described the man as "just a helper" in

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Teamster pension funds, is invested entirely within the state through mortgage loans administered by Alaskan banks.

Many state officials believe that amount of money handled through local banks gives the Teamsters too much influence over Alaska's lending institutions.

"I would be less concerned if they invested more of their money outside of the state," said Atty. Gen. Gross.

Carr's substantial political clout was revealed when the Egan administration gave the Teamsters a controversial lease to operate a nonprofit corporation on 18½ acres of public land in Anchorage for only \$4,110 a year in rent.

Initially, the union said it planned to build a mall "to house various activities of the Teamsters Union." But the lease is under challenge by the Hammond administration partly because the union allegedly violated its nonprofit standing by developing the property into a commercial complex.

Profit-making enterprises in the building include a travel agency listing chief Teamster lobbyist and close Carr associate Lewis M. Dischner as a partner.

The portly, 50-year-old Carr, a native of Ontario, Calif., moved to Alaska in 1950 as a truck driver and stayed on to achieve monolithic power by consolidating five independent unions into one powerful local.

In a 22-page Teamster brochure, Carr's picture or portrait appears 16 times. Most of the pictures show Carr sitting directly beneath a portrait of himself.

No union money is spent, no union decisions are made without his clear approval.

"Nobody can pull people off the job except me," he said.

Despite a no-strike pledge in Teamster pipeline contracts, Teamsters walked off the job in August over violence with the pipewelders union from Tulsa, Okla., Local 798.

A fiercely clannish group, the "Tulsa 798ers" is the only union in the world whose members can weld the 48-inch pipe used in Alaska and other major pipeline projects.

Early this year, the 798ers flexed their muscles by tearing up mess halls, or refusing to work because of variations in menus, such as too much steak or lack of cocktail ice for the barbecue parties held weekly at many camps.

When those rampages went unchecked by pipeline management, the 798ers in some camps demanded automatic washing machines. They cut the cords to the wringer washers already installed in their barracks and tossed them outside.

"Get 'em anything they want," a security guard north of the Yukon River said he was told by a top pipeline executive. The automatic washers were quickly shipped.

The only threat to total 798er domination of the pipeline is the Teamsters. And violence between the two unions erupted at Tonsina Camp in August when a 798er claimed that a Teamster ripped his \$12 work shirt during

a scuffle, according to court records.

When the Teamster refused to pay \$100 for the shirt, he was kicked and beaten senseless by several men while 40 or 50 other welders cheered.

Teamsters brought pipeline construction to a halt in six camps by blocking gasoline pumps with their trucks.

A federal judge who issued a restraining order against one welder ring leader said the pipeline company's "security system at Tonsina was inadequate to deal with the problem. . .

"Its main purpose, according to some testimony, was to assure that oil was supplied to the furnaces," the judge said.

"It had proved inadequate on other occasions. Several months earlier one of the mess halls at the camp was destroyed. Thefts went unreported. Rooms were ransacked.

Rapes were threatened."

A few weeks ago, welders rioted in at least three pipeline camps, commandeered eight buses and headed for pipeline headquarters at a nearby Army base outside Fairbanks.

An Army combat unit carrying automatic weapons was mobilized to hold back the welders after they had beaten two military policemen and two security guards.

More than 1,000 welders walked off the job in protest the next day, prompting a security guard to comment, "It's a wonder this thing's getting built."

But it is being built, and it is more than half finished. Already, supports have been built on a bridge across the Yukon River for a second major pipeline.