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A porn fighter looks at the porn 'business'

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Editor's note: "The Business of Porn" was the cover story on the Feb. 10 issue of U.S. News & World Report. The story described the staggering size of the moral toxic waste generated by the porn business. Here's another look at the issue, from a man who saw it not as a "business" but as a criminal enterprise:

In the United States today, the total gross income of the pornography industry is at least \$10 billion, and more likely \$11 billion or \$12 billion annually. That figure maintains the porn trade as still the third largest source of income for the "underworld." Of the total money volume involved, the largest single facet of the industry is the sexually oriented (mostly hard-core obscene upon judicial determination or trial) videotape, which in 1995 brought in \$3.1 billion; surpassing the long-established money leader, the coin-operated 25-cent "peep show" machine, which for many years produced some \$2.5 billion or more annually.

In 1995, more than 600 million sexually oriented tapes were rented or sold, by far the

most in history. More than 5,500 new sex tapes were produced and placed on the market. Most of these videotapes are rented in the nation's mainstream videotape stores as opposed to the traditional "adult" book stores. Some 80 to 90 percent of the tens of thousands of videotape stores throughout the country rent tapes which, if taken to court in the forty states which have effective statewide obscenity statutes, would most likely result in convictions.

However, almost no prosecutive efforts have been or are being taken against these stores.

There are notable exceptions, such as the City of Cincinnati, which has had no obscenity violations in some 20 years, and the City of Fort Lauderdale, which had none from mid-1987 until 1994. The reason these two cities had "no violations" is because the porn merchants learned from experience that the local police and prosecutors meant business about enforcing obscenity laws.

The influence of traditional organized crime (Mafia) continues to be strong in the porn industry. Some five or six "families" are involved. Chief among these are the Gambino

continued on page 7

Porn fighter

continued from page 1

family and the Colombo families, both of which have had strong influence since at least the early 1970s. They have extensive operations in Los Angeles (the "home base" of the porn industry since its inception), Las Vegas, New York, and Rhode Island. Cleveland and Chicago have lately become less important in the industry. The most effective law enforcement weapon to combat the industry, the RICO (Racketeer Influenced and Corrupt Organizations) statutes, as applied to obscenity, are generally unemployed, except by the U.S. Department of Justice.

As of mid-1996, practically all persons reputed to be underworld members and associates in the porn industry were either on trial or under indictment by the U.S. Department of Justice, through its Child Exploitation and Obscenity Enforcement Section. Included among these defendants, most of whom have been tried in U. S. District Court in Las Vegas, are Natale Richichi and his son, Salvatore, Kenneth Francis Guarino, and the Peraino family, consisting of Anthony Joseph Peraino and his sons, Louis "Butchie" and Joseph C. Peraino. It was the Peraino family which produced, distributed, enforced, and made multiple millions from the first of the so-called "porn chic" films, "Deep Throat."

Unfortunately, in July 1996, the two sons of Anthony Peraino were acquitted in a Federal obscenity trial in the U.S. District Court in Las Vegas, in part because the jury bought the defense attorneys' flawed argument that with all the porn and "adult entertainment" available in Las Vegas, the videos at issue in the trial must be "accepted" by the community and, therefore, not obscene.

In September 1996, North Star Distributors (the Providence, Rhode Island-based company owned by Ken Guarino and reportedly one of the world's largest distributors of pornographic videos) entered a guilty plea in the Las Vegas District Court to a Federal obscenity charge. Pursuant to the plea agreement, similar charges were dismissed against Guarino personally and Salvatore Richichi.

In January 1997, Guarino and Natale Richichi entered guilty pleas to conspiring to defraud the United States. Had the case proceeded to trial, the government said in the Memoranda of Plea Agreement that it would have presented evidence, *inter alia*, that Richichi is a "capo in the Gambino crime

family of the La Cosa Nostra" and that Guarino made "tribute payments" to Richichi for protection of his multi-million dollar pornography empire against extortion attempts by other factions of the LCN. By signing the Agreements, Guarino and Richichi both acknowledged that "each understands and acknowledges the factual basis for his plea."

According to news reports, porn films distributed by Guarino's companies can be seen on cable TV and hotel pay-per view channels. Also according to news reports, Guarino was seen dining with mobster John Gotti shortly before the mob boss was sentenced to prison.

In November 1996, a federal judge in the Southern District of Florida also sentenced Natale Richichi to six years in prison for his convictions of racketeering and extortion. The Florida case involved alleged mob infiltration of the strip bar industry in Florida and other states.

The State of Florida is one of the better states concerning the investigation and prosecution of traditional obscenity violations in "adult" book stores. The exception has been the three major counties of South Florida [Dade, Broward, and Palm Beach], not including the City of Fort Lauderdale, which has long had a very effective anti-obscenity program with unusually well-trained detectives in its vice unit.

Today in South Florida, it would seem that obscenity matters are either in a low-priority or no-priority condition, with neither law enforcement nor prosecutors moving these cases forward. While most Federal and state courts have held that the judge or jury in an obscenity case must acquit if the particular hardcore video is "accepted" by the community, it would appear that in much of South Florida, the test being used by prosecutors, in determining whether to prosecute, is whether porn is "tolerated" by the community -- a test that has little if anything to do with "standards of decency" and that clearly favors the porn merchants.

Furthermore, much of the common citizenry is both ignorant and apathetic of the serious harm caused by these criminal violations. **If people wonder why there is so much hardcore "adult" pornography around, the answer is that if you ask 1000 people to write a simple letter to complain about pornography or to encourage enforcement of obscenity laws, only one person will**

More facts on today's porn business

Also reported in USN&WR's "The Business of Porn" were these statistics:

- The gross revenues the porn industry raked in during 1996 were larger than the domestic box office receipts for "mainstream" Hollywood movies, and larger than the sales of rock and country music records and CDS.
- Americans spend more money at strip joints and other "adult" entertainment venues than at legitimate theaters, opera houses, the ballet, jazz and classical music performances—combined.
- Some "mom and pop" independent video stores draw *one third of their income from porn video rentals.*
- Guest in American hotels *spent \$175 million to watch porn videos in their rooms.* Sheraton, Hilton, Hyatt, and Holiday Inn are among the hotel chains that provide porn video service. Hotels get a 20 percent cut of the revenue.
- Americans spent *more than \$150 million on cable TV porn pay-per-view movies in 1996.* It's a "cash cow" for cable TV companies, since their "cut" of a PPV charge can be 70 percent.
- Americans spent between *\$750 million and \$1 billion on commercial telephone sex messages in 1996.* "AT&T is one of the biggest carrier of phone sex," USN&WR reports.

actually do so. Here in a nutshell is why adult obscenity thrives in America.

Child pornography is an entirely different matter. Everyone is angry about child porn, and law enforcement and prosecutors have responded very well to popular demand for action. A task force to combat child porn and sexual abuse of children via the use of computers was formed and based in the Broward County, Florida, Sheriff's Office [the county that includes Fort Lauderdale]. Results have been very positive and many police agencies have joined the task force. Even the media have responded favorably to anti-child porn efforts, as opposed to their usual hostile position regarding "adult" obscenity enforcement and prosecution. Apparently only the ACLU is adamantly opposed to child porn enforcement, since the official, published position of the ACLU re child porn distribution is that it should have First Amendment protection.