

Banking by Don Baier

First Fidelity Bank's links to crime

The bank that heisted LaRouche's campaign funds in 1984, gave millions to a mob-linked swindler in 1982-83.

First Fidelity Bank of South Jersey, formerly First National State Bank of West Jersey, lent some \$22 million to a mafia-linked hoodlum starting in 1982, and, according to court testimony, never bothered to verify the supposed collateral.

The story of First Fidelity and Richard Mamarella was the subject of two lengthy front-page articles in the *Wall Street Journal* on Jan. 14 and 15, by reporter Jonathan Kwitny.

First Fidelity happens to be the same New Jersey bank that illegally seized \$200,000 belonging to the campaign funds of independent Democratic presidential candidate Lyndon H. LaRouche, Jr. a few days before the November 1984 election, partially sabotaging LaRouche's purchase of media time on the three major networks on election eve. LaRouche has been known internationally since 1978 as the most outspoken foe of the drug trafficking cartel "Dope, Inc.," one of the targets of his 1984 election-eve television broadcasts.

In 1982 and 1983, the bank gave \$22 million to a swindler, perjurer, and extortionist with ties to organized crime, Richard Mamarella. The money provided by a subsidiary of First Fidelity Bancorp, was then lent to loan sharks, illegal drug importers, and mafia boss Joseph Paterno, among others. It was argued in court that "a deal had been cut between the mob and senior bank insiders," according to the *Wall Street Journal*.

The organized-crime connections

of First Fidelity, now exposed in lurid detail in the *Wall Street Journal*, have been a subject in an ongoing lawsuit between the LaRouche campaign committees and the parent bank. That case began when The LaRouche Campaign and Independent Democrats for LaRouche sued the bank to recover their funds. First Fidelity countersued for "libel," objecting to statements that its seizure of the campaign funds could be regarded as "grand larceny," and that bank officials, including First Fidelity president Robert Ferguson, should be probed for relations to the mob. Ferguson was active in bringing into the state the organized crime-riddled casino gambling industry.

Federal Judge Harold Ackerman has already ruled that the bank acted wrongfully in seizing the LaRouche campaign funds. Motions in the libel case are expected later this month.

By the *Journal's* account, a First Fidelity subsidiary loaned \$22 million during 1982 and 1983 to a 34-year-old "insurance man," Richard Mamarella, who was ostensibly financing insurance premiums for businessmen. In reality, Mamarella, who had already been indicted previously on 80 counts of perjury, conspiracy, and fraud, put up only non-existent life insurance policies as collateral for the loans, and used the borrowed funds for loan sharking and financing drug imports. Out of 139 fraudulent policies, the bank investigated not one.

In some cases, according to court testimony, the money was loaned di-

rectly to such mafiosi as Joseph Paterno and Carl "Doc" Palo. "One borrower was murdered, though his loan was repaid with proceeds of insurance that Mr. Mamarella had arranged on his life," the *Journal* recounted.

Yet, . . . when it came out in May 1983 that he had bilked the bank, First Fidelity responded by putting him and several associates on the payroll! The bank's own insurance company, Wausau, at first refused to cover First Fidelity's losses, because, the company claimed, First Fidelity knew about the fraud.

First Fidelity and racketeer Mamarella shared the same law firm. "Representing Mr. Mamarella throughout the period of the fraud was Nathaniel Yohalem of the prominent Newark firm of Greenbaum, Rowe & Smith. . . . Mr. Yohalem's firm also had long represented First Fidelity Bancorp banks." When Mamarella was pleading to federal perjury indictments in New York in 1982, lawyer Yohalem was among those who wrote letters to the court urging that he be let off on probation. Later, even after Yohalem, First Fidelity's lawyer, learned that Mamarella had been arrested for extortion, and the New York state insurance commission sued him for \$150 million in fraud, the money from First Fidelity kept coming.

Judge Ackerman, who presided when two of Mamarella's associates stood trial for bank fraud last summer, "expressed his irritation with the only bank officer to testify," the *Journal* reported. The bank officer, "Mr. Petrycki repeatedly responded to questions dealing with the bank's part in the lending by saying he couldn't remember. . . . On the trial record, at an Oct. 22 hearing, the judge said bank officers 'at the very least, were guilty of extraordinary lassitude, which I found and find incomprehensible.'" The judge called on the Justice Department to further investigate.