

# Katz talks of Caruana deals

By Milt Gun

Special to the Telegram & Gazette

**BOSTON** — Drug-smuggling kingpin and mobster Salvatore Michael Caruana, one of the FBI's 10 most-wanted fugitives since disappearing the day before his 1984 marijuana-trafficking trial, was colleague and adviser to onetime Worcester drug dealer Arnold Katz, according to Katz's testimony yesterday at U.S. District Court.

Katz, formerly of Worcester, Framingham, and California, has been in the government's witness-protection program since agreeing to cooperate with the prosecution of former Caruana associates. He has lost weight and gone to a clean-shaven look since his federal court appearances in the mid-1980s.

The son of the late Worcester Mayor Israel Katz, he answered questions posed by government and defense lawyers in the case before federal Judge Edward Harrington in which three lawyers, including well-known defense lawyer Joseph Balliro, and a financial consultant are accused of "laundering" more than \$5 million of Caruana's marijuana smuggling proceeds.

## WITNESS PROTECTION

Katz was sentenced in November 1981 in U.S. District Court in San Francisco to 30 years in prison. His sentence was reduced to time served — five months — in February 1982, and he entered the government's witness-protection program.

In a daylong appearance on the witness stand, Katz described his initial, August 1979 meeting with

Caruana at a coffee shop at Boston Garden that had been arranged on the recommendation of a mutual friend, automobile dealer David G. "Duddie" Massad. Massad owns Duddie Ford in Westboro and Diamond Chevrolet in Worcester. "I don't believe he (Massad) knew I was involved in the drug business at the time," Katz said.

Assistant U.S. Attorney Robert Ullman did not press Katz on the interests he may have shared with Caruana. However, as a result of the meeting, Katz testified, he accompanied Caruana to Caruana's West Peabody home.

At Caruana's home, guarded by a six-foot-high fence and four surveillance cameras, Caruana provided him with 2,000 pounds of marijuana to be sold, Katz stated. He said further marijuana purchases from Caruana included a 7,000-pound transaction from a Caruana stash-house in Sturbridge.

## MEETING, PURCHASE

Katz described meeting Robert Frappier, a Caruana associate, at Worcester Airport in late 1979 and accompanying him to the house where the marijuana was inspected, weighed and packaged. Katz also agreed he arranged for a 3,000-pound shipment from Caruana he had an employee pick up in Leicester and a later 5,000-pound truckload he had an associate pick up on the North Shore.

"I bought about 15,000 pounds of marijuana from Caruana and paid him \$4 million," Katz acknowledged to attorney Ullman. Caruana reportedly smuggled 77 tons of marijuana into Massachusetts and Maine in 1979 and 1981, and received \$40 million — including \$4 million from Katz during a three-month period.

Katz said Caruana told him how to launder drug proceeds. "He said he invested it in corporations that had been set up for him and moved the money between the corporations," Katz testified. He told of being introduced to Boston attorney Edmund Hurley, a defendant in the present case.

According to Katz, they met at Caruana's house and, after some hesitancy, Hurley told him "this is the way Mike's (Caruana) doing it." Katz also told of meeting Caruana at a private airport "in the Carolinas" where both men had been forced to land in their private planes because of bad weather.

## 'BETTER PLANE'

"Mike invited me to continue with him," Katz recalled and added with a trace of admiration, "he had a better plane with more sophisticated equipment for flying in bad weather."

When both arrived in Miami, Caruana introduced Katz to Kendal Nottage, the finance minister of the Bahamas. "He looked a lot like Sugar Ray Leonard," Katz recalled and the minister could move Caruana's money into the Bahamas without being detected because "he had diplomatic immunity." A 1984 Commission of Inquiry was initiated in the Bahamas into drug-money laundering and Nottage subsequently resigned.

Katz was questioned about Larry Martin, who was murdered in 1982. Katz testified he knew Martin as a member of Caruana's drug smuggling operation and recalled he had accompanied Martin on a Boston-Miami flight and subsequently obtained 300 pounds of marijuana at Martin's Wakefield home for which he paid Caruana \$300,000. Three weeks later, in June 1981, he was arrested, Katz said.

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