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cc Secretary of State (L&B)
Sir K Bloomfield (L&B)

Mr Stanley (L&B)

RACKETEERING

The problems of racketeering are serious and becoming more serious. The attack on the racketeers is too piecemeal, too unco-ordinated, too spasmodic and poorly planned.

Government Departments appear too often only to wish to pass responsibility between one another - as fast as they are able.

There is a general mood both officially and publicly that nothing much can be done so why bother.

Examples of where Government attempts have either failed or been by-passed.

Building Sites

Up to now bogus security firms controlled by paramilitaries have been charging building contractors fees for securing their sites during construction. (Very successful they have been too. In one instance where a builder paid £5,000 for his site run by the UDA he discovered that the so-called security guard had run up a bill of £600 using the phone on the site but when the Contractor complained the paramilitaries cut off the man's tongue in front of the contractor and reduced the fee by £600.)

Now that security firms have been banned the paramilitaries are offering site services to builders prior to starting contracts, ie, provision of a site hut, securing the site boundaries, etc, for a fee of say £5,000 with a guarantee of no molestation. Such amounts of money are covered in Housing Executive contracts under a heading entitled 'Preliminaries'.

There is widespread leaking of information from the Housing Executive and other public departments on the details of tenders and who is to get the work.

For example, one Contractor has been told on several occasions by [REDACTED] what jobs he was going to get before he knew himself. Recently on the day before he started 9 new contracts for the NI Housing Executive Mr [REDACTED] just returned from Majorca, was round to see him. It appears that UDA funds are now being used for blocks of holiday apartments in Tenerife and Los Palmas.

IRA racketeering is achieved more subtly. It has been said to me that they have so influenced some contractors that IRA sponsored sub-contractors receive the contract whatever the price other competitors quote. These contracts are then lifted by the use of 'additionals' which bring the final cost above that of the other builders.

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Other tricks include charging a fee on the different trades working on a contract. For example, where a contract is let to rehabilitate 200 houses work which includes new doors, new window frames, replastering, clearing out the roof and insulation plus redecorating and installing central heating. The cost per house in cash would be £15 for the joiner, £15 for the plumber, £15 for the decorator and £100 for the general maintenance conducted by the main contractor.

SOLUTIONS

Solutions to these problems are far from easy but I will write to you separately with a paper on possible options.

Another example of failure appears to be the gaming machine field. Despite the introduction of new legislation the racketeers seem to have found ways of bypassing it almost at will.

The attached paper from Zelma Davies which I have asked for explains most of the problem. But one has to ask why did the police not foresee these problems. Why were the DHSS content just to do what the police asked without themselves fighting for tougher measures. The DHSS were fully aware of the dangerous 'holes' in the legislation and were given alternatives that could have avoided many of the problems but rejected them in favour of legislation which as you will now see is little better than useless.

There are additional problems not mentioned in Miss Davies' paper which are worth illustrating. Because poker machines can be leased as 'amusement only' and most are - they can be provided by non certificated amusement machine companies who, it is more than possible, may either be influenced by or paying to paramilitaries - we have no way of knowing. Lawful operators believe that certificates to supply gaming machines have been granted too readily without proper investigation and that there are companies still operating unlawfully without certificates.

It has been suggested to me that there may even be poker machines in RUC clubs capable of being operated illegally and that there may even be incidences of police condoning illegal operations.

One of the side effects of this lawlessness is that corrupt companies are doing the decent operators out. Because these 'grey squirrel' organisations offer prizes above the legal limits - this is particularly true in amusement arcades - the 'red squirrel' companies cannot run profitably. The largest and most respectable operator in Northern Ireland is in fact drastically winding down his Northern Ireland business and selling off parts that he can no longer afford to keep because of illegal competition.

The solution I am convinced is the establishment of A Gaming and Amusement Machine Control Board with Star Chamber powers. Any supplier of an amusement or gaming machines would have to be personally approved by the Board. Any misuse of a machine would immediately lead to its removal. Penalties will have to be stiffened. Prosecutions more widely publicised. An 'idiots guide' to the regulations produced so that every supplier, every licensee knows exactly what is and is not permitted. Every machine should have a clear indication attached to it of who its owner is and who services it.



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All machines whether gaming or amusement should be controlled in the same way and the books and records of all those businesses with machines should be available for police inspection.

I do not believe that once these regulations are imposed they will need to be used too often as their existence will be ^{self}detriment enough. The key must be to reduce the work of collecting evidence by the police through the introduction of regulations that will protect the 'red squirrels' from the ravages of the 'grey'

RICHARD NEEDHAM

September 1987

Examples of where Government attempts have either failed or been bypassed.

Building Sites

Up to now most directly sites controlled by parastatals have been charging building contractors too far marking their site visiting contributions. (Very successful they ~~have~~ ^{had} been too. In one instance where a builder paid £5,000 for his site to be visited it was discovered that the so-called security guard had had up a bill of £500 using the phone on the site but when the Contractor complained the parastatals cut off the man's tongue in front of the contractor and reduced the fee by £600.)

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