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Judge, federal prosecutor are targets of murder-for-hire scheme,

Putnam Pit learns

US Marshals lose copy of security plan in Outlaws federal racketeering trial

US Marshals blow their cover at racketeering trial of nine bikers; abandon 56-page security plan after agent leaves copy in hotel lobby

By GEOFF DAVIDIAN

MILWAUKEE, Wis., April 19 (Reuters) - The federal racketeering trial of nine alleged members of the Outlaws Motorcycle Club chapters in Wisconsin, Illinois and Indiana offers a rare glimpse, through government eyes, into a cruel and unusual world of bikers, drugs and murder.

But also revealing is the 56-page document -mislaid in a hotel lobby -- that provides a peek inside the federal government's security operation as the US Marshals Service attempts to foil the alleged assassination plan against a Wisconsin judge, a local assistant district attorney and a federal prosecutor in the case.

Chief Deputy U.S. Marshal Joseph Trindal told Reuters that the breach of security caused by loss of the government document did not compromise the safety of any of the trial participants. An alternative plan was immediately adopted, and Trindal pronounced the original security arrangement outlined in the document "null and void," while dismissing it as "largely generic in nature." One of 20 deputies brought in by the service to provide beefed up security may inadvertently have left a copy in a hotel

lobby, where it was picked up by a reporter, Trindal said.

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Trindal acknowledged there "has been some information that would be along the lines of rumor that some people might be interested in harming public officials."

The "some people" he referred to allegedly are associated with the defendants in the case known as United States of America v. Kevin P. "Spike" O'Neill, et al. O'Neill was a member and president of the Wisconsin chapter of the Outlaws Motorcycle Club, the 56-page indictment says, and if the allegations giving rise to the case are true, the government had plenty to worry about when security was breached. The government considers O'Neill, whose friends call him "Spike," and 16 others who go by the names like "Mad," "Bad Bill," "Manson," and "Madman," as part of "a sophisticated and dangerous organized crime group which has repeatedly resorted to bombings and murder to protect their ongoing criminal enterprise," said Tom Schneider, U.S. Attorney for the Eastern District of Wisconsin.

Of 17 indicted on June 10, 1997, 14 members were arrested within hours. "This is one of the largest indictments because it involves more than one chapter," Schneider told reporters at the time.

"The Outlaws are more than just a motorcycle club. They are a sophisticated and dangerous organized crime group which has repeatedly resorted to bombings and murder to protect their ongoing criminal enterprise."

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Among the defendants are the leadership of what the government alleges is the Outlaws' Chicago region, which is part of an "international organization." In pursuit of their enterprise, the indictment alleges defendants committed 34 criminal acts of racketeering.

The indictment alleges that Outlaws were involved in a series of violent acts, including six murders, aimed at the Hell's Angels Motorcycle Club.

Law enforcement agencies had been watching members of the Outlaws for years before the indictment, but even so the defendants were not without friends. In some cases, officers alerted the bikers of the presence of federal agents, and passed information to members who were being investigated. A veteran Racine police officer tipped off the Outlaws Motorcycle Club about a major federal investigation, according to unsealed federal court documents.

Among the offenses alleged in the indictment:

· On Nov. 13, 1990, a police officer was injured when O'Neill and defendant Randall E. "Madman" Miller blew up "buildings and personal property" worth more than \$150 in Winnebago County, III.;

Officer Donald G. Kirt Jr., a friend of defendant Robert A. "Clay" Kruppstadt, an Outlaw who lived in Racine, warned him of federal agents in Kruppstadt's neighborhood at a time in 1995 when agents were conducting heavy surveillance of Outlaws members in Racine, according to the documents. Agents from the U.S. Bureau of Alcohol, Tobacco and Firearms later heard Kruppstadt on a court-authorized wiretap say that his "cop buddy" had also tipped him off

that the Racine County Sheriff's Department was investigating him for selling illegal steroids. But the sheriff's investigation was a sting operation, designed to see if information passed on to Kirt about the phony sheriff's investigation would find its way to Kruppstadt, records now being unsealed in federal court in Milwaukee show. According to *The Racine Journal Times*, Kirt, a 13-year veteran of the force, has not been charged with any crime by federal authorities.



Randy Mark Yager, also indicted with the defendants, has been a fugitive since 1997.

On Aug. 24, 1992, O'Neill, Miller and Raymond L. "Shemp" Morgan, Jr. "did commit an act involving [the] murder" of Donald "Domino" Wagner, in Racine County, Wis. Wagner was shot in the head several times at a remote parking lot. According to a Racine County Sheriff's report, marijuana was found in a search of Wagner's home and investigators learned he sold the drug to friends. In the first few days after Wagner's death, Racine County investigators began piecing together the case and its ties with criminal activities within local motorcycle clubs, according to reports.

- · In January 1993, seven Outlaws traveled to La Crosse, Wis., "to kill members and associates of the Hell's Angels Motorcycle Club."
- On April 7, 1993, Miller and James W. "Preacher" Schneider robbed and killed Morris Gauger in McHenry County, Ill. Gauger, 74, and his 70-year-old wife were bludgeoned and stabbed during a robbery at their farm outside Richmond, Ill. Schneider pleaded guilty.

Agents at the time called the indictment one of the largest ever in Wisconsin. The indictment is a liturgy of heinousness, alleging a seven-year string of crimes, including a violent turf battle with rival members of the Hell's Angels. The two groups are the largest motorcycle gangs in the country. Prosecutors paint the accused as sophisticated, cruel and businesslike in an interstate criminal enterprise that ranges from arson, murder, robbery, narcotics trafficking, interstate transportation of stolen vehicles and selling vehicle parts, to passing counterfeit United States currency.

According to the government, the bikers comprise a men-only organization much like a fraternity, with membership following "a controlled process, beginning with an associate or 'hanger-on' status, followed by a pledge or probationary period lasting approximately six months."

Full members, or "patches," as well as pledges, are expected to follow a written

code. Violations of the code may result in fines, expulsion or physical violence, the government states.

According to the indictment, members pay monthly dues to the chapter, part of which is forwarded to the regional and national organizations. Funds are transferred among the organization's entities as needed. The government argues, as part of its racketeering case, that the organization taxes members, or obliges them to contribute a portion of their profits from criminal activity, much like tithing, which might be expected from an organization that calls its regular meetings "church."

According to the indictment, the enterprise was lucrative enough that if prosecutors prove their case, Uncle Sam will be riding high on a Tripoli brand motorcycle frame, Delkron brand engine cases and miscellaneous parts, and could take all the Outlaws' property and interest in property, including land, buildings and fixtures in Janesville, Milwaukee and La Crosse, Wis., Chicago and Joliet, Ill., and Gary, Ind. With this history as a backdrop, U.S. Marshals took to heart what they learned from the FBI in February that someone wanted a judge, a local prosecutor and Paul Kanter, the lead federal prosecutor in the Outlaw case killed.

The security operation plan mislaid at the Hyatt Hotel, where Marshals drafted for special duty are holed up, says "A known associate of the Outlaw Motorcycle Gang had stated that he had arranged to have Assistant U.S. Attorney (Paul) Kanter, a named state judge and a named assistant district attorney killed for specifically stated dollar amounts."

Another informant told authorities that one of the defendants knew Kanter's telephone number, the document said.

"In light of the escalation of efforts on the part of these defendants to obtain information about Kanter's personal profile, as well as their articulation of threats specifically naming Kanter, ... Trindal directed the establishment of an in-district personal protection assignment on ... Kanter," it said.

The Marshals' document warned the defendants may be getting help from a private investigator who was suspended for allegedly trying to smuggle contraband into jail, a deputy sheriff alleged to have passed on sensitive information to the gang, and a former U.S. Alcohol, Tobacco and Firearms agent who has been hired by the gang.

Preliminary aspects of the trial in U.S. District Court have been held under tight security. Defense attorneys were checked for weapons and the courtroom was restricted to family members, news media and the trial participants themselves.

The Marshals Service is responsible for providing protection for the federal judiciary, as well as transporting federal prisoners, protecting endangered federal witnesses and managing assets seized from criminal enterprises.

Among the witnesses expected to be called by the government are former Outlaw members David Wolf and James Schneider, who have already pleaded guilty to murder.

One of the named defendants, Randy Yager, has been a fugitive since 1997.

Jury selection has been completed in the trial, which was expected to last four months.

The copy of the government's security plan had a "control number," Trindal said, and an internal procedure would determine whether discipline would be appropriate.

Trindal said he could not put a dollar amount on what it cost to develop a security plan for a trial like this, but he acknowledged that taxpayers foot the bill. Ironically, the document was lost on the day Americans pay their federal income tax. Meanwhile, The copy of the government's security plan had a "control number," Trindal said, and an internal procedure would determine whether discipline would be appropriate.

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Meanwhile, O'Neill has lashed out at federal agents and former Outlaw Schneider, who pleaded guilty in the murder of the elderly Gaugers and is expected to testify against him.

In a letter posted on the Outlaws' web site, he writes:

"The Gauger murder carried out by James Schneider was the act of a merciless, sick, gutless coward that deserves whatever he gets from the judicial system. Murdering a defenseless 70-year-old woman is shameless by anyone's standards and certainly something NOT sanctioned or condoned by the American Outlaws Association (A.O.A.) or myself. I personally knew Mr. Gauger since I bought my first motorcycle in the mid 1970's and became a loyal customer of his motorcycle parts and service."

O'Neill alleges that federal prosecutors broke Schneider down and made him a deal – leniency in sentencing if he implicates others.

"Of course, I have been personally well aware of U.S. Attorney [Thomas] Scheider's corrupt office and tactics for many years. As bikers, his office (in conjunction with BATF) have hassled us and closely monitored our every move for years. It is now estimated that they have currently spent in excess of eight million taxpayer dollars on this investigation to date. Although they love to refer to us as a 'gang,' the American Outlaws Association (A.O.A.) is a legally chartered entity that they love to hate. Almost all members (that I know) are hardworking fathers that support families and pay taxes just like everyone else. Because we ride Harley's, wear black leather and have tattoos, doesn't mean that we are criminals. Unfortunately, a few "bad apples" have given the unfair illusion that the entire bunch is bad. We don't need or want troublemakers that break the law and are untrustworthy. To that end, James "Preacher" Schneider was "kicked out" of the Outlaws in November of 1996, due to his irrational behavior. The bottom line is that "bad apples" frequently turn up in law enforcement as well, just as recent headlines regarding Rolando Cruz prosecutors, the New York cops on trial, etc. certainly prove. The BATF reckless slaughter of people in Waco and Ruby Ridge, will always haunt them and taint their image."

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