

# 'Mr. Fixit's' records subpoenaed by U.S.

By Michael Flannery  
and Pamela Zekman

A federal grand jury investigating tax fraud schemes has subpoenaed records of Philip J. Barasch, the "Mr. Fixit" of The Sun-Times' Mirage series, it was learned Wednesday.

Barasch's son, Alvin, confirmed in a telephone interview that the subpoena had been served. Alvin, a business associate of his accountant-father, said that he expected his records would also be subpoenaed.

Federal investigators have been conducting preliminary interviews this week in a probe that appears initially to be focused on seven accountants and bookkeepers cited in the Mirage series.

The Mirage, a Near North Side tavern The Sun-Times operated secretly for four months with the Better Government Assn., was instructed by the businessmen in various methods of cheating the tax collector.

For example, the Mirage was advised that it should under-report its income in such a

way as to cut its state sales tax by from 27 to 65 per cent. The accountants, including the Barasches, said that "everyone does it." Such cheating by taverns alone may be costing the state treasury \$16 million a year in sales tax, according to conservative estimates.

Assistant U.S. Attorneys Jerome C. Randolph and John Newman are looking into whether the cheating extends to federal tax returns.

The Mirage was not in business long enough to have filed a federal tax return. However,

each of the accountants advised the Mirage that it would have to submit the same figures to the U.S. government as it had to the state. Otherwise, they said, the tax cheating scheme would be more easily detected.

None of the prosecutors would comment on the investigation. It was learned that they hoped to review the records of numerous accounts handled by the various tax preparers to build cases of tax fraud against them.

U.S. Atty. Thomas Sullivan would only say, "We intend, in co-operation with the state's attorney of Cook County and the Illinois Department of Law Enforcement, to promptly investigate the entire matter."

Alvin Barasch operates Barasch Accounting & Tax Service in Lincolnwood. His father runs Philip J. Barasch & Sons, 3324 W. Diversey.

Responding to a reporter's questions, Alvin said, "Our business is as usual — doing very well. The publicity that came out was very negative, but it hasn't had any effect on our operations at all. We have had no problems at all with our clientele."

Philip Barasch advised the Mirage to under-report its income by 40 per cent and to keep a double set of books. One set, with the fraudulent figures, would be used in case of a tax examination, and the other, legitimate set would be used only in case a business was sold.

Philip Barasch, who claimed at one point to handle accounts for 700 businesses, was also the Mirage's "Mr. Fixit." He orchestrated payoffs to building and fire inspectors in order for the Mirage to pass licensing examinations, the series disclosed.

Alvin Barasch handled the accounting work for the family business empire. He gave more conservative advice than did his flamboyant father, suggesting that a 30 per cent "skim" figure was safer.

The other accountants and bookkeepers mentioned in the series were: Joseph Romano of Rapid Business Service; Arthur J. Soens; Charles Freeman Sr. of Illinois Accounting Service; Michael Blumberg of Michael Blumberg and Associates; and Anthony DeBlase of D-B Bookkeeping.

## Guns? Nitro? 'I can get you anything'

Continued from preceding page

"Giant recoil. You don't think it's powerful? Take it down in the basement right now and try it out."

Recktenwald went to the cash register and took out \$35 for Cheeky's gun. Cheeky was not happy with this price. He said it was \$5 less than he had paid his source for the gun. Yet he encouraged future commerce.

"I can handle anything," he said, "I can get you dynamite, nitro, all the shotguns and machineguns you want."

Cheeky spat his entire wad of chewing tobacco onto the Mirage's bar as if to emphasize this point. Recktenwald stared at the wad for a moment and announced that this was doubtless a breach of etiquette. Cheeky shrugged, put the wad back in his mouth and walked out.

The revolver, for all Cheeky knew, was going to be used for target practice in a dark alley. It was instead turned over to proper law-enforcement authorities for further investigation.

Cheeky had piqued the Mirage's curiosity anew with his mention of dynamite. So Recktenwald and a federal agent approached Cheeky again on Oct. 19 to talk about some blasting.

Recktenwald was the first to negotiate. Cheeky didn't seem at all suspicious of someone who wanted dynamite in a hurry on the Near North Side.

"How much do you need?" Cheeky said. "Two sticks," Recktenwald said. "Two sticks? You can't do hardly anything with two sticks."

"You get me the dynamite, and I'll worry about what to do with it."

The agent was next in line. He played the role of a bad guy who needed explosives for reasons of his own. He ordered six sticks of dynamite, blasting caps and a detonating cord. He talked at length with Cheeky about how to make a bomb and set delayed fuses.

"That guy knew what he was talking about," the agent later said. "That's what always scares the hell out of you."

The deals were never consummated. The Mirage was closing down soon and Cheeky ran into another delay. He explained it to Sun-Times reporter Pamela Zekman—Pam the barmaid.

"My guy's not gonna be there," Cheeky said.

"Where?" Pam asked.

"At the rock quarry," he said. "I work at a rock quarry on Saturdays setting dynamite. The stuff's layin' all around. We were gonna



'I can get you a sawed-off shotgun that'd cost only \$35 or \$40.'

steal some, but my guy's not gonna be there."

"OK, but what about the shotgun?" Pam asked.

"My source in Indiana—the heat's still on him," he said. "See, what happened was he sold this gun to a kid and the kid went out and committed a robbery and got caught. The heat came down on my friend for selling him the gun, so he's got people watching him."

"He's a real good source. He can get me almost anything. But he's gotta lay low for a while."

COMING FRIDAY:  
Night at the fights:  
everybody gets punchy

## Release of 66 no quirk: Thompson

By G. Robert Hillman

Sun-Times Bureau

SPRINGFIELD, Ill. — Sixty-five men and one woman were released early from eight state prisons Wednesday because of what Gov. Thompson called a "conscientious policy decision" by him and the Legislature to set them free.

Facing reporters here for the second time in three days, the governor insisted the inmates were not allowed out early because of a "quirk" or "problem" in the state's new Class X crime law that became effective Wednesday.

Instead, he argued: "It was the result of a conscientious-policy decision to lower the period of parole supervision from five years to three years. And that policy decision was made because the experts in penology and

Prosecutors say Class X is defendant-oriented; Page 48.

parole felt that if a person was going to violate parole, he would violate it in the first six months, the first year or two years or certainly during the first three years. It seems unlikely that a person who remains free on parole without a violation for three years is going to violate parole in the fourth or fifth year."

The 66 inmates were set free early because they already had served their original sentences and at least three years of combined parole time and additional prison time for a parole violation.

Thompson said the new Class X law was a "fair and workable compromise" and should not be "turned around as some horrendous

result of Class X when it was something that everybody should have anticipated from the plain language of the bill."

The governor defended the apparent lack of early co-ordination between his legal counsel, Gary Starkman, one of the principal Class X architects, and lawyers for the Illinois Department of Corrections, saying:

"I don't think it is the business of the governor's counsel to go reading the law for everybody else. All of the departments have their own lawyers, and copies of Class X were freely available."

The new law-and-order legislation was branded Class X by Thompson because it created a new Class X of serious felonies, each carrying a mandatory, minimum sentence of at least six years.

Parole was abolished under the new law, and the terms for those already paroled were reduced from five to three years. A new 10-member Prisoner Review Board has replaced the Parole and Pardon Board and will set conditions for mandatory supervision of newly released inmates.

After an initial review of parolees now on the street, Illinois corrections chief Charles J. Rowe estimated that only about 400 — not the 900 first estimated — will be released early from their parole terms.

And Thompson told reporters, "I don't think they present any significant threat because they have lived in a free society for three years without violating the law or parole regulations."

## Thieves get \$3,000 at downtown cafe

Burglars took an estimated \$3,000 from a downtown restaurant Wednesday evening as tippers carried on in an adjoining cocktail lounge.

Michael Balourdos, owner of Stevens on Wacker Restaurant & Cocktail Lounge, 111 W. Wacker, told police the money had been taken from a safe, cash drawer and cigaret machine. All were found pried open.

Central District police officer Jerry Baker said the restaurant section closes at 5 p.m. but the cocktail lounge remains open until 9 p.m.

As Balourdos was cleaning up the cocktail lounge shortly after 9 p.m. he heard a noise in the restaurant and turned on the lights, discovering the burglary, Baker said. A police unit searched the area, but no one was found.



Nurses go free

The federal government dropped all charges Wednesday against two Filipino nurses who were recently granted a new trial on their conviction in the poisoning of patients at a Veterans Administration hospital in Detroit. At a press conference, defendants Filipina Narciso (left) and Leonora Perez express their happiness. The U.S. attorney said it was unlikely that prosecutors could obtain a guilty verdict in the second trial. (AP)