POLICE SCIENCE

RACKETS IN AMERICA

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One of the interesting figures in English history was Lord Clive, the founder of the British Empire in India. As a mere youngster, he organized the idle lads of his town into a gang that preyed upon the shopkeepers. They were compelled to pay tribute to Clive and his organization or in the alternative to have their windows smashed. They decided it was expedient to meet Clive’s demands. When only eighteen years of age, Robert Clive, a youth with a strong will and fiery passions, was placed in the service of the East India Company and shipped off to either make a fortune or to die of fever at Madras. Eventually, he founded the British Empire in India, and upon his return to England in 1767 his conduct of affairs in India met with a storm of protest. In due course, in 1772, Parliament felt impelled to conduct an inquiry. Apparently Lord Clive had engaged in certain frauds, but in defending himself Lord Clive averred that great princes depended upon his pleasure, wealthy bankers bid against each other for his smile, and vaults piled with gold and jewels were thrown open to him alone. And exclaimed Lord Clive, “By God, Mr. Chairman, at this moment I stand astonished at my own moderation.”

In 1950 and 1951 the American people were shocked by the revelations of the Kefauver Senate Committee on Organized Crime. In recent months the public has again witnessed on the television screen a parade of powerful racketeers who have been preying on legitimate business, the laboring man, and the general public. Documentary evidence has established that vaults of gold have been opened to these insatiable creatures, not one of whom in good conscience could exclaim, “I stand astonished by my own moderation.”

Robert F. Kennedy, counsel for the McClellan Senate Committee has asserted that the underworld is milking a billion dollars a year out of labor-management rackets. Jimmy Hoffa, an associate of many influential underworld leaders, rules over a powerful teamsters’ union that is capable of bringing the entire nation to its knees. Tony Accardo, boss of Chicago’s infamous Capone gang, reported income of close to a million dollars during a ten-year period ending in 1956. Living in luxury and splendor in his twenty-two room palace in River Forest with a private swimming pool and a $10,000 Mexican onyx bath tub, Accardo looks down upon the rest of the world, including his own government, with utter contempt. His power exceeds that of the feudal lords of old. Among his close associates are Joey Glimco, boss of Chicago’s taxi-cab drivers union; Joey Aiuppa, who obtained the charter for Local

1 LORD MACAULAY, HISTORICAL ESSAYS, (New York: The Macmillan Company, 1926) pp. 163, 244:

2 CHICAGO AMERICAN, July 12, 1958.


450, Bartenders, Waiters, Waitresses, and Miscellaneous Union with headquarters in Cicero; John Lardino, for many years a powerful figure in the management of Local 593, Hotel and Apartment Employees and Miscellaneous Restaurant Workers Union in Chicago; and scores of others who have held influential posts in labor unions, business concerns, trade associations or have served as “expert” labor-management consultants. For decades the notorious gangster Albert Anastasia, chief executioner for Murder, Incorporated, was boss of the dock workers in New York. Besides stealing hundreds of thousands of dollars from the union, it was conceded that Anastasia had more to say about the movement of freight on the waterfront than the ship owners.

Almost a decade ago Malcolm Johnson, brilliant New York newspaper reporter, and Pulitzer Prize winner, wrote a book Crime on the Labor Front. He pointed out that “There are men in responsible union positions who have been indicted for murder, kidnapping, rape, robbery, pandering, and every other crime in the books. Behind the respectable facade of organized labor, they practice extortion, participate in gambling syndicates, demand wage kickbacks and bribes, and engage in blackmail and murder. Such leaders care nothing about wages, hours, and working conditions of the union members. They care nothing about the consumer who, in the end, must pay in higher prices for their crooked deals. They care nothing about the future of the labor movement in America, which they are jeopardizing with their malpractices.” And this same pattern, as described by Malcolm Johnson several years ago, has certainly emerged as a commonplace one in the testimony given before the McClellan Senate Committee in recent months.

We should not be deluded into thinking that this is a pattern that has only recently developed. Almost forty years ago racketeering reached unbelievable heights in the Building Trades industry in Chicago. Infamous gangsters, many of whom were affiliated with the Torrio-Capone mob, gained control of unions and threatened to ruin building contractors through work stoppages or violence unless huge cash settlements were made to the racketeers. Sloggings and bombings were commonplace. During 1922 alone there were at least fourteen buildings bombed and two policemen killed as a result of the Building Trades War. Racketeers waxed fat and, as usual, the public suffered. In 1934 the Capone gang succeeded in electing its representative as president of the International Alliance of Theatrical Stage Employees and Motion Picture Operators at an election held in Louisville, Kentucky. About 125,000 union members thus fell under the domination of Capone gangsters. With the union under its control, the Capone gang then extorted millions of dollars from the motion picture industry. Its extortion operations extended from New York City on the East Coast to Hollywood on the West.

The year following its capture of the International motion picture operators union, the Capone gang turned its eyes toward the Bartenders Union in Chicago. Led by Frank “The Enforcer” Nitti, then head of the Capone syndicate, and assisted by Murray Humphreys, Paul Ricca, Louis “Little New York” Campagna, Nick Circella alias Nick Dean, and others, all implicated in the motion picture extortion operation, the Capone gang took over Local 278, Chicago Bartenders and Beverage Dispensers Union, and made Louis Romano its president. Romano had been involved in a shooting in 1922 during which one person was killed and two others wounded. In 1933 he was arrested for another fatal shooting but was released when witnesses failed to identify him. On October 3, 1940, Romano was indicted with Frank “The Enforcer” Nitti and other Capone gangsters on charges of conspiring to take over control of Local 278, Chicago Bartenders and Beverage Dispensers Union. When the principal witness refused to testify the case collapsed. Earlier that summer the union was thrown into receivership on the grounds that Capone hoodlums were attempting to loot the union treasury. Romano was ousted as president. But several years later, in 1954, Romano was retained at a handsome salary as a labor consultant by Al Capone’s former attorney, Abraham Teitelbaum, who was then the $125,000 a year counsel for the Chicago Restaurant Asso-

7 Ibid. pp. 174–5.
cation. In a statement to the press Teitelbaum explained that Romano had a good record as a former head of the Chicago Bartenders Union and had "performed exceptionally well in his capacity as labor adviser and expert."10

Teitelbaum had been brought into the picture as a high price labor relations counsel for the Chicago Restaurant Association during a period of labor violence in 1939. During a labor dispute a restaurant owner was slugged with a baseball bat and goons smashed the windows of his establishment.11 When Capone's former attorney, Abraham Teitelbaum, became labor relations counsel, peace and quiet once more reigned in the restaurant industry. Sweetheart contracts were entered into in which owners paid dues to officials of Local 593, Hotel and Apartment Employees and Miscellaneous Restaurant Workers Union on only a portion of their employees. The interest of union officials in the welfare of the working man ceased as soon as agreements were made to pay the dues regularly. The employees received no benefits, and no efforts were made to improve working conditions or increase wages. Among the influential officials of Local 593 of the Restaurant Workers Union were James Blakely, once arrested with Capone gang chieftain Danny Stanton and John Lardino, an associate of Tony Accardo and other Capone hoodlums.12

In 1953 Teitelbaum fell into disfavor with these union officials. Violence once again broke out as a result of a dispute between a restaurant chain and the union. Trouble lasted for several weeks and union officials refused to negotiate with Teitelbaum. At this point Teitelbaum was replaced as labor relations counsel for the Chicago Restaurant Association by Anthony V. Champagne, an attorney who had represented many influential Capone gangsters including Sam "Mooney" Giancana, a lieutenant of Tony Accardo. Champagne had no background of training in labor negotiations. Apparently, his only qualifications for the post were the friendly relations he had maintained with important Capone gangsters. Prior to his affiliation with the Chicago Restaurant Association, Champagne's reported annual income was $9,000. His salary as labor relations counsel for the restaurant association skyrocketed to $125,000 a year.13 Champagne hired as his assistant labor agent Sam English, who secured his training for this job as the proprietor of a Capone syndicate gambling joint in Cicero.14 In the summer of 1954 Tony Accardo and Anthony V. Champage had a quarrel. Accardo was reportedly violently displeased with Champagne because of the manner in which Champagne prepared his income tax return on money he received from the association. As a result of this disagreement, Champagne was ousted on July 1, 1954 as labor relations counsel for the Chicago Restaurant Association.15 Another attorney, Ralph J. Gutgsell, who was retained by the Chicago Restaurant Association for a short time, testified before the McClellan Senate Committee that he could not hold his job because he did not know any gangsters.16

The proprietor of one of the city's fine eating establishments testified that every restaurant owner in Chicago lives in fear of the underworld.17 Privately he furnished the committee counsel with information about a terrorist gang that exacts tribute from restaurant owners with threats of burning or bombing, and forces the owners to buy meats and liquors from companies allegedly under gangster control. On July 16, 1958, Deputy Illinois Fire Marshal John McFarland testified that restaurant fires in the Chicago area had been increasing and presented the committee with a list of forty such fires reported in restaurants during the preceding seventeen months.18

The most spectacular restaurant fire in the Chicago area occurred early Tuesday morning, May 13, 1958, in the midst of the McClellan Committee's investigation. Two masked gunmen entered the well-known Allgauer's Fireside Restaurant in Lincolnwood, Illinois, and while one hoodlum stood guard over a night crew of seven porters and bus boys, the other drenched the interior of the restaurant with gasoline, draped the tables and chairs with rolls of toilet paper and then set the place afire. Damage to the restaurant amounted to about $1,400,000, and the crime has never been solved.19

The union having jurisdiction over Allgauer's Fireside Restaurant in Lincolnwood is Local 450, Bartenders, Waiters, Waitresses, and Miscellaneous Workers Union with headquarters at 2137 South Cicero Avenue in Cicero, Illinois. The

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9 Ibid. p. 12544.
10 Ibid. p. 12547.
11 Ibid. pp. 12513, 12514, 12515.
13 Ibid. p. 12845.
14 Ibid. p. 12846.
16 Ibid. p. 12682.
17 Ibid. (Part 34) p. 12916.
18 Ibid. p. 12977.
championed the Fifth Amendment 172 times, a complete perversion of its original intent and purpose. When a Senate Committee investigator, an agent of the United States Government, attempted to serve a subpoena on Joe Aiuppa, this Capone hoodlum tried to run him down with his car and temporarily avoided service of the subpoena. When John Lardino appeared before the committee, he brought with him to the witness stand a Washington, D. C. attorney to protect his interests. This man was not identified, and when the committee asked Lardino if his companion was his attorney, Lardino refused to answer on the grounds that his reply might incriminate him. Properly, the committee informed Lardino that if he refused to identify his companion on the witness stand this man would have to leave. It was only after he received this ultimatum that Lardino identified the man as his lawyer. Numerous hoodlums invoked the Fifth Amendment in refusing to answer whether they are citizens of the United States. Abraham Teitelbaum and Anthony V. Champagne, who as attorneys at law are officers of the court, refused to answer any questions on the grounds that their replies might incriminate them. The Senate Committee counsel remarked that it is inconceivable that Teitelbaum or Champagne should be allowed to continue practicing law and recommended disbarment proceedings against them. Senator McClellan revealed that severe physical harm had been threatened to committee witnesses in both Chicago and Detroit. An emissary from the underworld called in person on one Chicago witness and threatened to kill him if he testified. Powerful Capone gang leader Paul "The Waiter" Ricca in 1957 sold his summer home in Long Beach, Indiana to two Detroit teamster local unions for $150,000. The place is not being used. After a parade of witnesses had related how they were forced to make payments to hoodlum union officials Senator McClellan remarked, "These people are not running a union. They are running a racket."

This, then, is a minute picture of only one phase of organized crime in America. It is a sordid picture—a picture of corruption and graft, extortion, terror, and murder. It is a picture that has no place in the free society of the greatest nation in the world.

How has it been possible for deplorable condi-

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24 Ibid. (Part 33) p. 12856.
26 Ibid. p. 12796.
27 Ibid. (Part 34) pp. 12922, 12923.
28 Ibid. (Part 33) p. 12791.
tions to develop and what can be done to eliminate them? In the first place, the very essence of organized crime is immunity, and the basis for immunity is official protection. This is invariably true in organized crime activities in gambling, vice, and similar lucrative illegal operations. In the field of labor racketeering, however, there, is another vitally important factor that aids the underworld. Political leaders fear the labor vote and its importance in swinging elections. Very few politicians have dared to attack the most flagrant abuses on the part of hoodlums posing as labor leaders, and still fewer political leaders have had the courage to attempt to remedy through legislation or administrative action evils that are apparent to everyone.

As a result, any union, whether a legitimate labor union or one under the domination of the underworld, enjoys legal immunities not present in other fields of endeavor. Any group that enjoys legal immunities not available to others has conveyed to it what has been called the “royal prerogative of dishonesty.” Vicious underworld elements that have flocked into the labor union field have made the most of it. Last year there was published a scholarly treatise prepared by former Harvard Law School Dean Roscoe Pound, in which he traced the development of improper legal immunities of labor unions. This study, prepared by one of the world’s most eminent legal scholars, is worthy of careful consideration by political leaders, particularly legislators. It must be confessed, however, that the chances of obtaining any improvement in this phase of the problem through legislation are very, very slim indeed.

The political implications of organized crime are undoubtedly the most formidable obstacles to the elimination of this disgraceful American problem. It must be conceded that, generally speaking, the calibre of law enforcement in any community largely depends upon the political climate in which it is forced to operate. Law enforcement can rarely, if ever, rise above this political climate.

The problem of organized crime in this country is so vast and its evils so great that programs of action to destroy it are imperative. First, the public through genuine interest and the exercise of the prerogatives of good citizenship must hold officials responsible for conditions and create a political climate favorable for the operation of efficient and effective law enforcement. In Chicago this political climate has greatly improved during the past decade.

Second, law enforcement agencies must maintain highly efficient intelligence operations, which will keep constant surveillance over the activities and associations of the leading racketeers in the community. These operations cannot be confined within the legal boundaries of a city. Too frequently gang chieftains live in one municipality, hold frequent conferences in another, and carry on their principal illegal activities in a third city. Their activities and movements should be of concern to all three municipalities. The traditional method of waiting until a crime has been committed before an investigation is initiated will never enable law enforcement agencies to cope with organized crime. On the night of November 14, 1957, New York state troopers and federal agents uncovered a meeting of fifty-seven underworld characters at a residence in Apalachin, New York. Upon the unexpected arrival of officers there was an outpouring of gamblers, dope peddlers, extortionists, and racketeers of every variety. Just a few days after the Apalachin, New York crime conference, the New York Herald Tribune on November 17, 1957, printed an editorial entitled “The Invisible Government” in which it asked, “Just who is running this country anyway? Are the lawfully elected officials running it, or are the gangsters running it?” After commenting on the haste with which the police, once they had accidentally caught the underworld leaders, “let these organized murders and plunderers of America go” the editorial stated, “It is easy enough to explain they had nothing on which to hold them. Their having nothing is what is wrong with this country... How on earth will they ever be caught doing anything if they are not kept under surveillance?” For many years the Chicago Crime Commission has been hammering away at the need for the maintenance of effective intelligence operations by local police agencies. Certainly the United States armed services would have a difficult time in protecting this country from the enemy if they did not maintain an effective intelligence service. In a similar fashion a police department in any major city is helpless in coping with organized crime without the aid of an effi-

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cient intelligence unit. In recent weeks the Chicago Police Department has reactivated its intelligence unit, has doubled its size, and placed a highly competent officer in charge. This development is most encouraging.

There must also be developed a means of exchanging intelligence data between police agencies. On the West Coast there has been formed an association of intelligence units of the major police departments. Similar associations should be formed in the various regions with the mechanics to assure that each major department is in possession of pertinent information regarding the leading racketeers of the area, their associations and principal activities.

There is also need in many places for an integration of police and prosecuting functions in dealing with the organized crime problem. Special rackets squads composed of police personnel and representatives of the prosecuting attorney's office should jointly concentrate on the development of competent evidence and the prosecution of the leading racketeers of the community. Investigative leads developed through intelligence operations would be channeled to such special rackets squads which would then concentrate their efforts to produce evidence that will result in the conviction and imprisonment of the community's most powerful and influential racketeers. The principal purpose of the Special Rackets Squad is to obtain the successful prosecution of the gangster and racketeering element. The direction of such a squad lies properly in the hands of the prosecutor in order to assure that the evidence developed is competent, will be admissible in court, and will be sufficient to support a conviction.

The first requisite for law enforcing and prosecuting officials is to know who's who in the underworld. This can be accomplished only through effective intelligence operations that will develop and maintain up-to-the-minute comprehensive data on all principal racketeering elements of a community, together with information regarding their associations and activities. Such data must be thoroughly indexed and coordinated. Through an interchange of intelligence data between departments of one area, each police department should be in possession of comprehensive information regarding the leading professional criminal elements operating within its jurisdiction.

Through the effective functioning of a Special Rackets Squad which will concentrate on the development of evidence that will result in the conviction and imprisonment of the important racketeering and gangster element, organized crime can be put on the run and kept running. The essence of organized crime is immunity, and as soon as the immunity is destroyed, organized crime is broken.

At least indirectly contributing to the ease with which organized crime has flourished in this country is our basic law enforcement structure which consists of a multiplicity of separate and distinct police agencies. There are in America approximately 40,000 separate public law enforcement agencies at five levels of government employing 200,000 men and women, and costing the taxpayers about one billion dollars annually. Within a fifty-mile radius of Chicago there are 350 municipal, county, and state police forces employing personnel totaling several thousand. This situation, which prevails throughout the nation, naturally results in gross duplication of effort and equipment together with frequent conflict of authority and confusion. It often prevents intelligent administration and direction of available manpower engaged in law enforcement in the community and militates against efficiency. It results in disunity among law enforcement agencies required to wage warfare against criminal forces that are strongly organized and united and which operate without regard to municipal boundary lines within which the various police agencies are required to confine their activities.

In planning for the future, serious thought should be given to the establishment of metropolitan area police services or at least to the merger or consolidation of many of the smaller departments into more effective crime fighting agencies.

Another factor contributing very materially to the crime problem in America is the development of a philosophy, both in the courts and legislatures, that assumes it is more important to handcuff the police than to handcuff the criminal. There has emerged an extremely technical administration of criminal justice with highly restrictive rules of evidence which, as a practical matter, makes it virtually impossible in many situations to enforce the laws against the professional criminal classes. This philosophy is based on the assumption that in the interpretation

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of constitutional provisions to protect individual rights, it is always the individual rights of the criminal—never the individual rights of the law-abiding victim or prospective victim—that deserves primary consideration. Although interrogation is a legitimate police procedure, absolutely essential to the solution of most serious crimes, one United States Supreme Court decision has to all intents and purposes eliminated the questioning of suspects prior to arraignment. While this decision governs only Federal agencies, it will undoubtedly have its impact eventually on local law enforcement bodies as well. The unlimited latitude given the criminal classes in invoking the Fifth Amendment's provision against self-incrimination has resulted in a perversion of the original intent and purpose of the amendment. In construing the Fourth Amendment's prohibition against "unreasonable searches and seizures" the courts have often placed such an unrealistic interpretation on the word "unreasonable" that some important laws enacted to protect the innocent law-abiding citizen have been virtually nullified and the officer is powerless to perform his duty effectively in the public interest. Honorable Herbert R. O'Conor, former Governor of Maryland and former United States Senator, has cautioned that "If the Courts lean too far backward in the maintenance of theoretical individual rights, it may be that we have tied the hands of our country and have rendered it incapable of carrying out the first law of mankind—the right of self-preservation."

Since 1950 major crime has been increasing in this country at a rate four times as fast as population. The particularly frightening aspect of this picture is the one of organized crime, a vicious underworld that is waxing fat on both legitimate and illegitimate sources while operating many times under the benevolent hands of political allies and hiding behind laws and constitutional provisions intended to protect the victims. Organized crime exploits the working man, extorts the legitimate businessman, and bleeds the general public. A sneering, contemptuous, and arrogant underworld composed of blackmailers, extortionists, and murderers has been able to control substantial segments of our economy. It is time the people of this country awaken to the dangers of this problem and mobilize the forces of good to destroy the forces of evil.