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**GAMBLING—SHOULD IT BE LEGALIZED?**

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**Virgil W. Peterson**

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The author of the following article is Operating Director of the Chicago Crime Commission and an Associate Editor of this *Journal*. He received the degree of Doctor of Jurisprudence from Northwestern University in 1930, and the degree of Doctor of Laws from his alma mater, Parsons College, in 1946. He was admitted to the Illinois Bar in 1930. From 1930 to 1942 he was a member of the Federal Bureau of Investigation, and he also served as Special Agent in charge of F. B. I. offices—in Milwaukee, 1935 to 1937; St. Louis, 1937 to 1938; Boston, 1938 to 1942.

We publish here Mr. Peterson's revision of his booklet under the same title which was privately printed by the Chicago Crime Commission in 1945. It was widely distributed by the Commission and has been very influential in many quarters. The great demand for it, and for public addresses by the author on the subject matter, has led him to revise and enlarge his original treatment. It is profitable reading for all who are interested in the subject matter and in what can be done about it.—  
EDITOR.

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The lifeblood of organized crime consists primarily of those commercial activities which exploit the weaknesses of mankind. Because of its lucrative nature, gambling has always served as a principal source of revenue to the underworld and has materially contributed to the corrupt political histories of many of the larger municipalities throughout America. Whenever the light of public attention has been focused on the unsavory gambling racket, when gang killings arouse some measure of public indignation, and when corruption arising out of alliance between hoodlums, politicians and law enforcement officers is exposed, there recurs agitation for the licensing of gambling. Whether gambling should be licensed is a highly controversial question. An honest difference of opinion exists among many who are strong advocates of licensing and those who oppose it.

For over a decade some of Chicago's political leaders and lesser light politicians, including a few ward committeemen and judges have publicly declared themselves in favor of legalization of handbooks in Chicago. Those who have been engaged in illegal gambling operations in Chicago—and most of whom have been identified with the hoodlum or gangster element—are solidly behind the proposal to legalize gambling. Professional gambling and politics have always been closely affiliated with resultant benefits to political machines and the operators of illegal gambling establishments. It is reasonable to assume that both politicians and gambling establishment operators expect to benefit by the legalization proposals since it is seldom that indi-

viduals or organizations engaged in any line of endeavor, work toward the liquidation of important self interests.

But the endorsement of legalization proposals is not confined to gamblers and politicians. A considerable number of outstanding citizens without political ambition or affiliation and who are sincerely interested only in civic betterment, believe that the licensing of gambling is the solution to a troublesome situation. A certain amount of public opinion favorable toward the legalization of gambling has been the result of propaganda from public leaders who have constantly informed the people over long periods of time that gambling cannot be suppressed and that legalization is the only remedy.

That there is a widespread sentiment throughout the nation against legalization of gambling is evident when we consider that Nevada presently stands alone among the forty-eight states where gambling in general is licensed.

Those of us who are interested in gambling solely in its relation to the crime problem have no concern whatever with the moral aspects of the question. We are not even remotely interested in the private conduct of individuals. There are many who enjoy gambling and can do so under proper circumstances without affecting the crime problem in any manner and with little, if any, detrimental effects on social welfare. Only moralists or reformers have any interest in such private conduct. The business of gambling is an entirely different matter. Not only has it been a principal factor in political corruption and gang warfare, but in addition the gambling business has been an important source of embezzlers, forgers, confidence men, burglars and armed robbers. It would be impossible for anyone interested in crime suppression and prevention to ignore the grave problems created by gambling as a business.

Unfortunately there has been too much discussion, both favorable and unfavorable, of the proposal to legalize gambling that is based on emotion rather than logic, on theoretical concepts rather than an analysis of well established facts, and on moral issues rather than the social implications involved. The purpose of this discourse is to examine proposals to legalize gambling objectively. This necessarily entails a study of the business it is proposed to license with the view of ascertaining whether it will properly lend itself to legalization, an appraisal of the evils that exist under present conditions, and an attempt to determine whether the legalization of gambling would eliminate them.

In any examination of a proposal of this nature it is well to remember that there is nothing magic in the word license. Most

of the proposals to license gambling have placed the administration of the licensing laws in the hands of the same political officials and law enforcement agencies that were entirely impotent in controlling widespread gambling in violation of existing laws and which, in effect were operating under a licensing arrangement not sanctioned by law. An extensive experience in the United States with laws that have legalized various forms of gambling from time to time, has definitely established that political administrations and law enforcement agencies that were unable to control an illegal license setup or could not enforce existing anti-gambling laws, were just as helpless in the control and enforcement of licensing laws enacted by state legislatures. In most instances the evils that arose under laws passed by state legislatures which licensed gambling increased so tremendously that they were repealed.

### *Background of Gambling Business in United States*

In any fair appraisal of the history of gambling as a business in the United States there are certain inescapable conclusions that must be drawn. Those engaged in the gambling business have, with very few exceptions, been identified with the criminal element. The ranks of gambling house proprietors have been largely filled with swindlers, confidence men, sharpers, notorious bandits of every description, and even a large number of bank robbers and murderers. The business of gambling has always been characterized by dishonesty. Gambling houses have flourished to the greatest extent in those localities in which the greatest amount of lawlessness and corruption has prevailed. Commercialized prostitution in particular, as well as other forms of crime, has been prevalent contemporaneously with wide open gambling. In newly settled and somewhat primitive communities gambling as well as prostitution has operated with little restraint. As society becomes more stable and as the population assumes a degree of permanency, invariably steps have been taken by the residents to place restrictions on gambling and vice. Wherever gambling has prospered there have been strong alliances between the gamblers and politicians.

From the early part of the nineteenth century gamblers have played an important role in crime and political corruption in this country. By 1830 New York City became the center of activities for scores of unscrupulous gamblers and within a few years, criminals from all over the United States found refuge there. It was during this same period that Tammany Hall became one of the most corrupt political organizations in our history. Hood-

lums and their criminal activities became an integral and important part of this powerful political organization. The corruption of political leaders and the police made it inevitable that the gamblers who had been forced to leave such gambling centers as Vicksburg, Natchez, Louisville, Cincinnati and New Orleans by aroused citizenries, found their way to New York City. By 1850, New York City had the ignoble distinction of being the gambling headquarters in the United States.

Together with venal politicians, gamblers plundered the city unmercifully. The victims were legion who were robbed and cheated in the gambling establishments, practically all of which were strictly dishonest. Even police officers were employed by gambling houses as steerers. Those who were robbed through confidence games or strong arm methods commonly employed by the gambling establishment, received little assistance from the authorities. There were a few instances where men who had the audacity to make a complaint to the courts were themselves thrown into jail and held until they agreed to withdraw their charges against the gambling house proprietors. It is small wonder that some of the most prominent citizens of New York City, with the support of the leading newspapers, started a crusade to rid the city of gambling activities. Anti-gambling laws were enacted.

Conditions in New York City were only typical of those existing in many other places. Lawlessness flourished particularly in cities that were undergoing rapid increases in population. The underworld composed of gamblers, burglars, robbers and confidence men, many times working in collusion with politicians, prospered. Inefficient law enforcement agencies offered little opposition.

In such towns as Mobile, Alabama, Vicksburg and Natchez, Mississippi and New Orleans, Louisiana, crime, debauchery and lawlessness in general threatened the security of the decent citizens who lived there. These conditions were largely due to the gambling element who completely dominated the underworld in towns on both the Ohio and Mississippi Rivers for over three decades. For many years gamblers reaped huge profits by swindling passengers on the boats of the Mississippi River. Murders were commonplace. If an unsuspecting victim complained too loudly that he had been swindled, he was frequently thrown overboard and forever silenced by the waters that engulfed his body. Asbury has reported an interview with an old time river gambler who stated that in reality it "wasn't gambling, it was robbing." The noted historian, James Truslow

Adams, has stated that the professional gamblers furnished one of the most picturesque features of the river. The criminal activities of the gamblers reached such proportions that drastic action by the citizenry was required. Some gamblers were hanged and according to Adams the term "lynch law" was coined about 1834 following the hanging of a gambler. America was entering one of the most lawless periods in its history.<sup>1</sup>

The history of gambling in the western frontier towns followed the same pattern. Murders by gamblers were not uncommon. Wherever lawlessness, prostitution and debauchery were commonplace their counterpart was gambling on a wide scale. Generally those in control of gambling completely dominated the underworld. The same conditions have prevailed in modern times. We may smile as we read an account of the dictatorship established by the notorious gambler Soapy Smith in Creede when silver was found there. Soapy Smith hurried from Denver to Creede and announced that he was the sole dispenser of gambling, vice and swindling privileges. He then organized a municipal government which he controlled and manipulated with an iron hand.<sup>2</sup> We may think it amusing that in the last quarter of the nineteenth century gamblers were able to dominate the municipal government of St. Louis and exert a tremendous influence in the state government as well. But the twentieth century has already furnished numerous similar examples in various localities. Soapy Smith's dictatorship of Creede pales into insignificance with the dictatorial regime established by the late Huey P. Long over the entire state of Louisiana in contemporary times. In furtherance of his imperious regime, Long imported from New York a notorious convict and big-time racketeer, Frank Costello, to take over the slot machines in New Orleans. Costello, an intimate friend of Al Capone, Arnold Rothstein, "Dutch" Schultz and similar gangsters, and an important factor in the New York Tammany machine, had been the king of the slot machine racket in New York. When Mayor LaGuardia drove him out of New York he moved his headquarters to New Orleans at the request of Huey P. Long. These facts were brought out when a federal indictment charged four New Orleans citizens and two New Yorkers with evasion of income tax. "The indictment revealed that Frankie Costello, one time 'slot machine king' of New York City, had assumed the same role in New Orleans as an absentee monarch operating through a con-

1 "The Epic of America" by James Truslow Adams, Little, Brown & Company and Atlantic Monthly Press, page 222.

2 "The Reign of Soapy Smith" by William Ross Collier and Edwin Victor Westrate, Doubleday, Doran & Company, Inc., Garden City, N. Y. (1935).

nection man, Philip (Dandy Phil) Kastel. But the name on the indictment that meant most to Louisiana was that of Jimmy Moran, friend and drinking companion of Huey Long, latterly an associate of Mayor Maestri<sup>3</sup> of New Orleans.<sup>3</sup> A sworn statement was offered by the government to show that Huey Long himself brought the slot machines to New Orleans. "Costello, the czar of the slots, told a Grand Jury that Huey picked him to be the 'lucky one' to install the machines and run them."<sup>4</sup>

Costello's affiliation with politicians has been brought to public attention on several occasions. In recent years a successful candidate for a judgeship in New York pledged undying loyalty to Costello for his assistance in obtaining the nomination for him.

But slot machine gambling under Costello's management was not the only form of gambling that prospered in New Orleans under the Long regime. Handbooks flourished as seldom before. Gambling of all kinds, including lotteries, prospered. Even commercialized prostitution was favored with the establishment of a new semi-restricted district in New Orleans. The nationwide fraudulent numbers racket pointed to New Orleans. In 1938 at the trial of Jimmy Hines, a powerful New York Tammany leader and who was connected with "Dutch" Schultz in the numbers racket, testimony was offered regarding a "fix" that was worked out by the "Dutch" Schultz organization at the New Orleans race track which was controlled by the Long organization. The testimony afforded glaring proof, if any was needed, that the entire numbers racket was a huge swindle.

Numerous other well known examples of the unwarranted influences of the gambling racket in municipal and state governments could be given.<sup>5</sup> Handbook operators in Chicago have boasted that they can produce a minimum of 200,000 votes and unlimited financial support toward the election of a candidate favorable to them.

The business of gambling has always been permeated with

<sup>3</sup> "Louisiana Hayride," The American Rehearsal for Dictatorship, 1928-1940, by Harnett T. Kane, William Morrow & Co., Inc., New York, Copyright 1941 by Harnett T. Kane, page 397.

<sup>4</sup> *Ibid*, page 402.

<sup>5</sup> "The Big Bosses" by Charles W. Van Devander, Howell, Soskin, Publishers, Inc. (1944) relates numerous instances of the maintenance of boss rule with the assistance of the gambling racket. The biggest handbook syndicate in the U. S. was established in Jersey City, N. J., under the political regime of Mayor Frank Hague. Boss rule by Nucky Johnson in Atlantic City, New Jersey prevailed for over three decades through the Numbers Racket. Gambling houses figured prominently in the reign of Boss Tom Pendergast in Kansas City. Public Document number 12, The Commonwealth of Massachusetts, Report of the Attorney General, Robert T. Bushnell, January 10, 1945 furnishes interesting data on the influence of gambling in politics in Boston.

fraud and dishonesty. Michael MacDougall, well known author and lecturer on gambling, has written a book entitled "Gamblers Don't Gamble."<sup>6</sup> The gambling house proprietor cannot possibly lose. He is engaged in probably the only enterprise where there is practically no chance of losing. This does not mean that all gambling establishments resort to fraudulent devices. John Scarne, famous gambling authority, who assisted in cleaning up dishonest gambling in the United States Army, has stated that many gambling houses do not engage in fraud in the sense that they resort to cheating. In fact, there should be no occasion for cheating in professional gambling establishments since they operate on a percentage basis which makes it impossible for patrons to win in the long run. In some games the percentage in favor of the house is so great that the patron has practically no chance to win at all.<sup>7</sup> Under accepted standards of ethics, any line of endeavor which functions in such a one sided manner that patrons cannot possibly obtain "value received," except on rare chance occasions, is dishonest. In that respect, there are no honest gambling establishments.

In his recent book Scarne discusses various "systems" that have been developed by several gambling experts and made public through the medium of articles in some leading magazines. Scarne takes these experts to task and explains why the systems are erroneous.<sup>8</sup> It would appear rather obvious that if experts on gambling are unable to agree as to a system that will work to protect the interests of gambling house patrons, the chances of the ordinary customer are small indeed. It is no wonder that with few exceptions, habitual gamblers die broke. Dishonest methods and devices that defy detection are frequently the stock in trade of the professional gambler. This has been true whether the gambling house has featured faro, poker, black jack, chuck-a-luck, roulette or three-card monte.

The Chicago Crime Commission has interviewed many indi-

<sup>6</sup> "Gamblers Don't Gamble" by Michael MacDougall as told to J. C. Furnas, The Greystone Press, Inc., N.Y.C. (1939).

<sup>7</sup> "Scarne on Dice" by John Scarne with Clayton Rawson. The Military Service Publishing Company, Harrisburg, Pa. (1945). See Chapter 12, pages 201-218. See also "Black Metropolis" by St. Clair Drake and Horace R. Cayton, Harcourt, Brace and Company, New York (1945) page 472 which reflects that in policy the most popular play is the "Gig" in which the players guess that three numbers might fall. The odds against the player are 76,076 to 1. If the player guesses on the appearance of four numbers to fall, he plays a "Horse." The odds against winning are 1,426,425. See also "You Can't Win" by Ernest E. Blanche, Ph.D., Public Affairs Press, Washington, D.C., (1949). This outstanding mathematician concludes that gambling has always been and always will be a crooked business.

<sup>8</sup> "Scarne on Dice" by John Scarne with Clayton Rawson, The Military Service Publishing Company, Harrisburg, Pa. (1945) pages 303-330—also refer to Chapter 13, pages 219-242, which contains many photographs of fraudulent gambling equipment and pictures of advertisements from gambling supply house catalogs.



viduals some of whom have been connected with the gambling racket for as many as forty years. All have maintained that with practically no exception, professional gambling paraphernalia are strictly fraudulent and completely manipulated by gambling house proprietors. Many gambling house proprietors have made fortunes amounting to over a million dollars, through the operation of strictly cheating establishments. These same individuals have sometimes died penniless by gambling away their fortunes in rival houses using swindling methods with which they were entirely familiar. If anyone has any doubts concerning the fraudulent nature of the business of gambling, a glance at a special catalog of a gambling house equipment company will dispel them. A few typical quotations from the catalog of a large gambling house supply company that has been established for over fifty years are copied below:

(1) "These dice are entirely different from ordinary percentage dice, certain sides having a layer of special non-slip material incorporated in them. This material is identical in color and texture with the balance of the dice and cannot be detected . . ."

Tapping Dice, originated and developed by this company were described as follows:

(2) "... the ONLY practical shifting load dice ever produced and are a pocket set every sporting man, cross roader and hustler should own. Always ready for action and never failing to produce results, Tapping Dice can be changed INSTANTLY from fair dice to percentage dice and back to fair.

"Do not confuse these dice with the many imitations and substitutes being offered. Tapping Dice do not contain mercury or other fluid substances, do not rattle, have a perfectly natural sound and roll, and a half hour's practice following our simple instructions for changing will make you lightning fast."

In advertising an Electro Magnetic Card Table, the catalog states:

(3) "The construction is very clever and the table can be moved about as necessary and will bear the closest inspection. The squeeze is operated from the under side of the table by pressure on a secret pin."

(4) "At last a magnet that is 100% Perfect for Craps . . . the most powerful Dice Magnet ever produced, a magnet that has never been offered to the general public before but has been successfully used by a select few for several years . . . this magnet will give more POSITIVE RESULTS and general all around satisfaction than any Dice Magnet ever built; so powerful that a transparent dice placed over the plate can be turned over by pressing the control. In play the action is so natural that it is IMPOSSIBLE TO DETECT whether the current is on or off."

Several pages are devoted to various types of marked cards. One advertisement relating to marked cards states—

(5) "These cards do not bear any mark that is visible to the naked eye, but when viewed through our special Ruby Ray Visor or Glasses, the mark is large and distinct."

An advertisement also appears for the Ruby Ray Visor or Glasses.

A ring shiner is advertised in the catalog stating—

(6) "With this ring you can read cards as you deal, the reflector surface being specially treated and gives a very clear reading. Send size of little finger when ordering."

Other advertisements which permit the dealer to read the cards as he deals them are described. One is incorporated in an ordinary box of safety matches which is laid on the table. Another with a flat back may be fastened to the palm of the hand, and still another with a spring, clips to a ring.

In advertising slot machines the catalog states—

(7) "Why split your profits? Do you want Dollars instead of Dimes? Own your own Slot Machine and collect 100% and if you have not already acquainted yourself with the PROFITS of a Slot Machine you will receive a pleasant surprise."

(8) "This is the last word in a Card Holdout Machine, a machine without a fault and one that has been used with unusual success by clever card men. NEW in design, the HOLDOUT eliminates the bulky extension ladder and a very small movement is sufficient to extend the receiver the full length. This is not a machine for the amateur, but for the experienced man will prove a marvel of perfection. The receiver comes and goes with the hand flat on the table, operated with either straight leg or knee spread movement, the knee spread being the most practical. This is an EXCLUSIVE product made in our own factory and a wonderful machine for black jack and stud."

(9) "This machine is made to handle an entire deck, operating from the pants band. It is a thoroughly practical machine and one that gives complete satisfaction. The operation is simple and noiseless only one motion being necessary to bring up the deck and take care of the deal. This machine will fit any size man and we recommend that in ordering, a pair of loose fitting trousers be sent us so we can have the machine fitted to them by our experienced tailors."

In advertising a roulette wheel, the catalog goes on to state—

(10) "This is the most satisfactory Controlled Roulette Outfit ever produced, no batteries, no paraphernalia, the outfit is complete as illustrated, ready to operate. Put the ball in any number any time without fear of detection, worth its weight in gold to anyone using this class of apparatus. So simple a child can operate. Complete instructions furnished with every outfit."

It is quite obvious that the business of gambling which frequently employs fraudulent equipment as described above, consists of nothing more nor less than a form of stealing. At best, it consists of obtaining money under false pretenses or the operation of a confidence game.<sup>9</sup>

<sup>9</sup> For numerous photographic reproductions of fraudulent gambling devices taken

But we are told that handbook operations are different notwithstanding the fact that in many instances the same hoodlums or gangsters who operate the gambling dens likewise run the handbooks. We are solemnly informed that the horse room is respectable and honest. Unfortunately all types of professional gambling operate on the same one-sided principle. Only the customer gambles. The proprietor cannot possibly lose unless he becomes a heavy patron as well as operator.

The horse race track, at which betting has been legalized in several states, serves as the base of operations for handbooks. In 1938 it was estimated that the public lost three hundred million dollars annually at the race tracks but through the medium of illegal bookies the bettors lost a minimum of one billion two hundred million dollars each year.<sup>10</sup> The racketeers received most of this huge sum. By 1948 the pari-mutuel turnover in twenty-three states had soared to \$1,600,012,159 for that year.<sup>11</sup>

Race track wagering under the pari-mutuel form of betting theoretically affords the customer gambling that is honest. The track handles the betting and retains a percentage fixed by law. In addition the track is allowed to keep the "breakage." The breakage point is also fixed by the law. For example, if after deducting the track percentage the winning ticket should mathematically pay \$3.98 the bettor would actually receive at some tracks, \$3.80, and at others \$3.90. The odd change kept by the track is called "breakage." In 1935 the Maryland tracks accumulated \$650,000 in breakage, which almost equalled the total of the state's entire revenue from horse racing.<sup>12</sup> While pari-mutuel race track betting theoretically assures the bettor of

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from catalogs of gambling house supply companies and information on the dishonesty of gambling as a business see booklet "Don't Be a Sucker!" by Mickey MacDougall, Malba Books, N.Y.C. (Copyright by Samuel Michael MacDougall 1939, 1943, 1944, 1945); "Scarne on Dice" by John Scarne with Clayton Rawson, The Military Service Publishing Company, Harrisburg, Pa. (1945) and an excellent series of articles by Edwin A. Lahey that appeared in the Chicago Daily News, November 6, 7, 8, 9, 10, 13, 1939. These articles were accompanied with photographs of workers on the production line of a large Chicago gambling equipment manufacturer. The fraudulent character of much of the gambling equipment was clearly shown and photographs of invoices covering the sale of equipment to some large gambling establishments in Chicago were reproduced. A Chicago Daily News editorial, November 10, 1939, in commenting on the articles by Edwin A. Lahey stated: "There isn't any gambling in Chicago. The term 'Gambling,' . . . is a euphemism for a sure thing con game for flim-flamming suckers. Edwin A. Lahey's series of articles on the mass production of phony gambling apparatus. . . . should convince the most credulous sucker on that score."

<sup>10</sup> "Straight, Place—But No Show" by F. O. Nelson and Dan T. Kelliher, *Ken Magazine*, December 1, 1938 (Esquire, Inc. copyright owner): "The Billion-Dollar Poolroom Racket" by F. B. Warren, *The Nation*, July 30, 1938.

<sup>11</sup> The American Racing Manual, 1949 Edition, Triangle Publications, Inc.

<sup>12</sup> "Straight, Place—But No Show" by F. O. Nelson and Dan T. Kelliher, *Ken Magazine*, December 1, 1938 (Esquire, Inc. copyright owner).

honesty, even at race tracks fraud has frequently crept in. There have been times when the practice of stimulating race horses with drugs has become widespread. Through dishonest efforts of trainers and jockeys races have been thrown. In 1938, F. O. Nelson and Dan T. Kelliher wrote "Racing stables currently are owned by ex-bootleggers, ex-convicts, former jockeys ruled off the track for life, dive keepers, night club proprietors, gambling house owners and other big shots of the underworld. . . . Some of the larger handbook operators and bookmakers own racing stables, running in the actual names of their owners or under a sheltering turf name. Others are performing in the names of 'dummy' owners, creating the incongruous situation where bookmakers are accepting bets on whether their own horses will win or lose."<sup>13</sup> It is only at tracks equipped with the automatic totalizer and where owners, trainers and jockeys with bad reputations are completely barred, that the betting public receives adequate protection.<sup>14</sup>

If race horse gambling could be confined to the tracks where adequate controls and supervision are afforded, dishonesty could probably be kept to a minimum. At any rate, the crime problem is greatly increased by handbook operations. While the number of race track habitués who turn to crime as a result of their gambling activities is sizeable, it is small when compared to those who run afoul of the law due to frequenting bookies. The handbooks which are operated almost exclusively by the hoodlum and criminal element, take several billion dollars annually from thousands upon thousands of people. Unfortunately a large number of the handbook customers consist of men and women who cannot afford to go to the tracks. Their families suffer and money lost to the handbook operators turns untold numbers of individuals to crime. Over forty years ago William McAdoo, former Police Commissioner of New York City, stated "If the community really understood the poolroom evil I am sure it would not be tolerated." As Police Commissioner he received pleas from parents, wives, brothers and sisters to close the places in which money was being squandered that was intended to clothe, feed and support the dependent families. Letters were received from mothers "begging the suppression of the place which was rapidly converting the son from an honest, industrious and reputable young man into an idle

<sup>13</sup> *Ibid.*

<sup>14</sup> For additional data regarding race track and handbook operations refer to article "Horse Racing—A Wartime Scandal" by Walter MacDonald, *Common Sense*, September, 1944, and book entitled *The ABC of Horse Racing* by Dan Parker, Random House, New York (1947).

degenerate, a swindler and a criminal."<sup>15</sup> Forty years have elapsed since these words were written. During that time poolroom betting has grown into a billion dollar racket. The bookie patron has little chance of an honest break. "He can win a single race. He can triumph for an afternoon. But he can't beat the races. That is the one universal about poolrooms. For he has more than odds against him. There is an elaborate system designed to protect the bookie and impose limitations upon the 'killing.'"<sup>16</sup> The handbooks limit the odds they will pay regardless of the track odds. In addition, through the layoff system, which is in the hands of the hoodlum element, the handbook operator is insured against any risk on his part. He has a sure thing. "Thus the poolroom bettor suffers under far heavier handicaps than the man who wagers at a track where the mutuel system prevails. . . . The bettor's life is destined to be an unhappy one—whether he bets at a reputable track, at a manipulated track, or in one of the thousands of poolrooms which constitute a vast illegal American industry. At best he faces artificial, criminal, and natural hazards, but of the whole species the poolroom bettor is easily the worst victim."<sup>17</sup>

In addition to losing money on the horses, the bettor in some states is given the opportunity of squandering his savings on dog races. Dog racing received its impetus many years ago with the invention of the mechanical rabbit by an ex-bartender, Owen P. Smith of California. Smith also organized the International Greyhound Association. When dog racing began to prosper, Edward J. O'Hare, an ex-bootlegger, succeeded in gaining control of the mechanical rabbit invention as well as the International Greyhound Association. O'Hare became an important cog in the notorious Capone syndicate. Al Capone named O'Hare the manager of his Hawthorne Dog Track in Chicago and placed him at the head of his other dog racing interests in Florida and elsewhere. Dog racing was legalized in other states. The pattern was one of bribery and corruption with the gangster element in control. After Al Capone was lodged in Alcatraz for income tax evasion, Edward J. O'Hare as the Capone syndicate's representative, became the undisputed czar of dog racing in the nation. On November 8, 1939, Edward J. O'Hare was the victim of a gang killing in Chicago. A few weeks later the Boston Evening Transcript in an editorial stated "Legalized

<sup>15</sup> "Guarding a Great City" by William McAdoo, Police Commissioner, New York City, 1904-1906. Harper & Brothers, New York, pages 203-205.

<sup>16</sup> "The Billion Dollar Poolroom Racket" by F. B. Warren, *The Nation*, July 30, 1938.

<sup>17</sup> *Ibid.*

dog racing has existed in Massachusetts for five years, under the domination of the underworld. It had its inception through trickery, misrepresentation and political corruption. It has maintained its grip in the commonwealth by the same means and by brazen defiance of constituted authorities, who have sought to investigate and expose its operations. It wields a pernicious influence. . . . This unholy alliance between the state and one of the worst racketeering groups in the United States is notorious throughout the Nation. It has impoverished thousands of hard-working but gullible people who week after week have seen their wages evaporate in a mad gambling orgy."<sup>18</sup> And the dog racing picture generally has changed but little since these words were written about a decade ago.

### *Highlights of Chicago's Gambling History*

The history of gambling in Chicago is a lurid account of gang warfare, murder, wide scale racketeering and political corruption. Chicago's gambling business has always been in the hands of the criminal and gangster element. It has existed only through official encouragement and protection. It could not possibly flourish without such protection. This means an alliance of criminals with powerful political figures and it has invariably resulted in corruption of the law enforcement agencies upon which society necessarily must depend for its protection. And except for a change in names, dates and places, Chicago's gambling history differs but little from that of many other cities. The pattern of organized crime and official corruption in large American municipalities has been much the same everywhere.

The gambling history of Chicago began with its incorporation as a town on August 5, 1833. Only five days later a Board of Trustees was elected with powers to abate the nuisance of gambling. Sharpers had already made an appearance and professional gamblers had migrated from Cincinnati and St. Louis to Chicago. By 1840 Chicago was the most important gambling center north of New Orleans and west of the Allegheny Mountains. Bookmaking was introduced in 1844 by Bill McGraw, Dutch House and Little Dan Brown. They were the first in Chicago to make a business of handling wagers on horse races. They were also credited with being the first to operate a roulette wheel and chuck-a-luck cage in Chicago.

It is interesting to note that the same conditions that pre-

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<sup>18</sup> Boston *Evening Transcript*, editorial, December 30, 1939. See also article entitled "Massachusetts Goes to the Dogs" by Dan Parker, *The Saturday Evening Post*, January 6, 1940.

vailed then are present now. Very frequently handbook operators are also the proprietors of other forms of gambling games.

As in most frontier settlements, prostitutes and pimps followed the gamblers to Chicago. Many of Chicago's early gambling house proprietors had previously plied their trade on the Mississippi River boats. John Sears, the outstanding figure of Chicago's early gambling history, had formerly worked his swindling profession on the river. Crime of every description steadily increased and mobs of criminals preyed on the citizenry at will. One of the most notorious areas known as the Sands was located just north of the present loop district. By 1857 the Sands was a hideout for notorious criminals of every nature. The numerous buildings and shacks in this district served as headquarters for prostitutes, pimps, and gambling dens. The Chicago police force was inadequate to cope with the growing crime problem and during the Civil War decade Chicago became known as the most wicked city in the United States. The underworld was dominated by the gamblers who were almost as adept at gun play as at swindling. One street in down-town Chicago was referred to as "Hair-Trigger Block" because of the numerous shootings that occurred. One killing gave Chicago nationwide attention in the field of crime. On some streets the gambling establishments were so numerous that all other forms of business houses except saloons and brothels were crowded out.<sup>19</sup>

The first real political machine of Chicago was created by Michael Cassius McDonald. His reign as dispenser of cheating privileges in Chicago extended from the time of the great fire in 1871 until the middle of the 1890's. In 1885, McDonald formed a bookmaking syndicate which controlled gambling at the Chicago and Indiana race tracks. In one season alone the syndicate profited to the extent of eight hundred thousand dollars. In his gambling activities he was associated with notorious thieves, forgers, confidence men and criminals of every nature. McDonald was a powerful political figure. For years his gambling headquarters at Clark and Monroe Streets was to all intents and purposes the City Hall. When Joseph Medill, as Mayor, met with success in suppressing gambling, McDonald supported another candidate for Mayor at the next election and Medill was defeated. McDonald named the heads of the police de-

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<sup>19</sup> See "Gem of the Prairie" by Herbert Asbury, Alfred A. Knopf, New York (1940) and "Chicago—the History of Its Reputation" by Lloyd Lewis and Henry Justin Smith, Harcourt, Brace and Company, New York (1929) for detailed account of Chicago's early gambling and crime history. References to early Chicago gambling halls and notorious gamblers are also contained in "History of the Chicago Police" by John J. Flinn, Copyright 1887 by Chicago Police Book Fund.

partment. Police officers who failed to do his bidding were severely disciplined. He bribed the Board of Aldermen and the Board of County Commissioners to make a fraudulent contract to paint the court house with a fluid containing nothing but chalk and water. The bill was one hundred and twenty-eight thousand, two-hundred fifty dollars. When the fraud was exposed, several of those implicated were sent to prison. McDonald, however, was so powerful that he was not even prosecuted. On one occasion his wife shot a police officer. Although she was arrested, she was promptly discharged. The saloon license of McDonald was revoked but it was restored within a week. In other words, the licensing of saloons did not prevent this hoodlum from operating a saloon nor did such a serious offense as the shooting of an officer of the law on the premises in which the saloon was located, result in anything more drastic than a temporary license revocation for a few days.

At the beginning of the twentieth century the gambling business of Chicago was controlled by three syndicates. Mont Tennes ruled the north side from his headquarters in a saloon at Center Street and Sheffield Avenue. The south side was dominated by James O'Leary of 4183 South Halsted Street. His gambling house and handbooks also extended into the Loop district, which was largely under the control of Alderman Michael (Hinky Dink) Kenna and John J. (Bath-House John) Coughlin.<sup>20</sup> Hinky Dink's place at 311 South Clark Street later became the favorite loafing place for Al Capone.

By 1907, Mont Tennes had purchased from the Payne Telegraph Service of Cincinnati, the daily returns on races from tracks throughout the country. The Payne System was paid three hundred dollars per day by Mont Tennes for the exclusive control of this service in Chicago. No gambling establishment could secure race returns by telephone or telegraph unless it paid Tennes for the service. All bookies were required to turn over to Tennes' syndicate fifty per cent of the net daily receipts. By January 1909, Tennes was the absolute dictator of race track gambling and handbooks in Chicago. He maintained this dictatorship for years through sluggings and bombings. Likewise his absolute control was often challenged with numerous bombings. A reign of terror prevailed for many years.

Tennes then looked for still bigger and more profitable fields to

<sup>20</sup> For detailed information regarding Aldermen Kenna and Coughlin and the influence of gambling activities on politics in Chicago's First Ward see "Lords of the Levee—the Story of Bathhouse John and Hinky Dink" by Lloyd Wendt and Herman Kogan, The Bobbs-Merrill Company, Publishers, Indianapolis and New York (1943).



conquer. In 1911 nationwide attention was attracted to the struggle between the Payne News Service in Cincinnati and the Tennes General News Bureau for national control of racing news service. Tennes had risen from the King of Chicago gamblers to the Czar of all race track gambling in the United States and Canada. From ninety poolrooms in Chicago and seventy in New York City he received tremendous profits.

Gambling in Chicago ran wide open. Tennes ruled supreme. Charges of bribery of high police officials by Tennes and his gambling syndicate were frequently made but seldom pressed. However, on January 16, 1917, indictments were returned based on official corruption growing out of gambling. The "Big Three" of the graft ring were said to be the Chief of Police, a Captain of Police, and William Skidmore. Skidmore was later to become the political "Fix" in Chicago's wide opening gambling activities. In addition to his operations in Chicago, Mont Tennes owned handbooks in San Francisco, San Antonio, Oklahoma City, Detroit, Cincinnati and other cities. In the spring of 1920, there was a Senate Judiciary Committee hearing on a bill introduced to prohibit the inter-state transmission of race betting information. At that hearing Howard C. Barker of New York, Superintendent of the Society for the Prevention of Crime, testified on May 11, 1920 that Chicago was the center of race track gambling in the United States. This had resulted from the control of the racing wire news service by Mont Tennes.<sup>21</sup> In 1927 Tennes sold a half interest in the General News Bureau to Moe Annenberg who took control of the business and installed James M. Regan as his general manager. In 1929 Tennes withdrew from the racing wire service altogether.<sup>22</sup> Needless to say, throughout his long period of gambling supremacy, Mont Tennes received from the authorities the usual absolute immunity afforded "big shot" Chicago racketeers and hoodlums.

The reign of Mont Tennes was succeeded by that of the Capone mob. This gang was originally engaged in operating houses of prostitution and gambling. Capone, in his hey-day, with an estimated annual income of \$25,000,000.00 from the gambling racket alone, was one of the big political bosses of the

21 "The Illinois Crime Survey," Part III, Organized Crime in Chicago, by John Landesco, Chapter XIX, The Rule of the Underworld—Tennes as Vice Chief, published by the Illinois Association for Criminal Justice in cooperation with the Chicago Crime Commission (1929), pages 867-905.

22 For excellent account of Moe Annenberg's racing wire service and his activities in this and related fields, see article entitled "Smart Money" by John T. Flynn, *Collier's Magazine*, January 13, 1940, January 20, 1940, January 27, 1940 and February 3, 1940.

city. In one election campaign, Capone reputedly made a political contribution of \$250,000.00 to help elect a mayor. Bombings and gang killings were commonplace in political campaigns. Vote-buying and vote-stealing reached amazing proportions. On election day, April 1, 1924, the Capone gang, hungry for more power and without fear of any duly constituted authority, conducted an armed invasion of Cicero, Illinois. Gangsters under the personal leadership of Al Capone, terrorized the entire town from dawn until dusk. Polling places were manned with machine guns. Citizens, policemen, and even a few gangsters, were slugged, shot and killed. It is needless to mention that Al Capone's candidate was elected. Over night Cicero gained the reputation for being one of the toughest cities in the entire United States and its streets became filled with gambling houses, saloons and gangsters. Chicago's gambling business remained under the domination of the Capone syndicate for many years. Some important members of this gang figure prominently in gambling operations in Chicago today. Jack Guzik who was allegedly the brains of the powerful Capone organization, Hymie (Loud Mouth) Levin, collector for the gang, Charles and Rocco Fischetti, as well as many other Capone syndicate representatives, held high places in Chicago's gambling empire until recent months. Until recently a brother of Jack Guzik operated a handbook within a few blocks of the Central Police Station in Chicago for fifteen years with a minimum of interference from the police. Police officers observed in his establishment were likewise seen frequenting other gambling establishments.

In recent years the gambling setup in Chicago and Cook County has followed usual patterns. Many precinct captains of the local political machine have operated gambling joints. Frequently their partners in illegal enterprises have been prominent members of the Capone syndicate. On many occasions court attaches have been affiliated with the gambling racket. Corruption among officers of the law has been commonplace. Convicted murderers have been employed in some of the so-called "respectable" gambling joints. In others, men closely associated in former years with nationally known gangsters in bank robberies and murders, were trusted employees. Dangerous gunmen who were fugitives from justice have, at times, been immune to arrest by the police because of protection they were receiving from certain "big shots" in the gambling underworld.

Conditions in Cook County in 1943 were identical to those in Chicago proper. Chicago Crime Commission investigations defi-

nitely established that the Rock Garden Club, a large gambling establishment located in Cicero, Illinois, for many years, was receiving the protection of responsible law enforcement officials. One of the proprietors of this establishment was a brother of Charles Fischetti, an important lieutenant of Al Capone. Investigations of the Crime Commission concerning the Dome; another huge protected syndicate gambling emporium located in Cook County just outside the city limits, the Rock Garden Club, and gambling conditions in Chicago, led to a Grand Jury investigation in the fall of 1943 which resulted in the closing down of gambling establishments throughout the city and county. Civil Service charges were filed against several Chicago police captains for failure to suppress gambling in their districts. On June 16, 1944, seven captains were ordered discharged from the Police Department by the Civil Service Commission. As a result large scale gambling was non-existent in Chicago throughout the entire year of 1944. This was established by investigations of the Chicago Crime Commission and further evidence of the suppression of gambling was given by Frank Stone, one of the largest betting commissioners in the United States. He was quoted in the press on December 26, 1944 to the effect that the bookies had been doing practically nothing for a year.

On January 14, 1944 Ben Zuckerman, gambling king of the 24th Ward, was ambushed and slain by gunmen as he was entering his home at 4042 Wilcox Street, Chicago. For many years gambling establishments operated by Zuckerman had served as hangouts and gambling headquarters for hoodlums. Some of them were formerly on Capone's Board of Directors managing his various illicit enterprises. Yet, Zuckerman was practically immune from arrest and considered himself above the law. Shortly before Ben Zuckerman was killed in gangland fashion, investigation by the Chicago Crime Commission developed that Zuckerman attributed his power to the following factors: Zuckerman was a precinct captain and from this position he inherited, in his own phraseology, "the gambling concession in the Ward." He boasted that about three wards located on the southwest side of Chicago, to all practical purposes, controlled the city vote and because of the votes he controlled in the 24th Ward, he was given the gambling concession.

The gang killing of Ben Zuckerman, political power and gambling czar was but the prelude of others to follow. On August 3, 1944, Zuckerman's gambling associate, "Dago" Lawrence Mangano, public enemy and formerly on Capone's Board of

Directors, met his death in a hail of gangland shotgun slugs. With Mangano when he was shot was Michael Pantillo, a police character, who was mortally wounded and who died a few hours later. Another episode in the gambling warfare of the 24th Ward was furnished on April 7, 1945 when Willie Tarsch, alias Kolatch, partner of Zuckerman in gambling enterprises at the time of Zuckerman's death, was ambushed and slain by shotgun slugs.

Other relatively recent gang murders committed in connection with warfare to control gambling have included the killing of public enemy Danny Stanton and his partner Louis Dorman on May 5, 1943. On September 18, 1943 Martin "Sonny Boy" Quirk was killed. According to a confession made by James Egan, the payoff man in the Quirk gang murder was John Joseph Williams. Quirk allegedly had been implicated in the earlier murder of Danny Stanton and Louis Dorman. Williams had been an insignificant sheet writer in gambling joints until he proved his worth as a vote getter in the 13th Ward in the 1936 election. He then became a swaggering muscle man in the gambling racket, bragging of his political connections. He even defied police officers to arrest him after he had picked a fight with them. Associated with Williams in the gambling racket were ex-convicts and hoodlums of the most unsavory sort. In the background were three policewomen, apparently selected not because they possessed qualifications for law enforcement work, but rather, due to their influence in politics as committee women of their ward or precinct. They were relatives of those allegedly implicated in the Quirk killing and due to the publicity given the case they found it expedient to be dropped from the rolls of the police force. Williams, himself, was a successful applicant in 1936 for a position on the Chicago Police Department. At the time of the expose in the Williams case, he was then ninety-fourth on the Civil Service list of eligible applicants. Shortly after this fact was made public his name was withdrawn from the list of eligible candidates for the position of police officer.

With very few exceptions the many gang murders committed in Chicago and Cook County have been traceable to the sordid gambling racket and resultant gang warfare waged to control it.

For many years prior to 1941 the two "big names" in Chicago's protected gambling racket were William R. Skidmore and William R. (Big Bill) Johnson. They were reputedly partners in gigantic gambling enterprises in Chicago and Cook County. Both were indicted and convicted in Federal Court, Chicago, for evasion of income taxes. Skidmore died in Federal Prison.

Johnson's conviction was fought for several years with various appeals to the United States Supreme Court, but federal penitentiary doors finally closed on him too.

The career of William Skidmore is a colorful one. In 1902, shortly after he established a saloon across from the City Hall, Skidmore was given a start in politics by the late Democratic leader Roger Sullivan. He became purchasing agent for the Democratic Party in 1908. In 1912 and 1916 he served as Sergeant-at-Arms at Democratic National Conventions. He blossomed to prominence during the gambling reign of Mont Tennes and figured as a defendant in the big police graft indictment of 1917 with police officers and others. From 1918 to 1928 he was a "big shot" bondsman. A story in the Chicago Daily News on August 1, 1923 states "The lucrative business of signing bonds for criminals and then intervening on their behalf when they are brought into court, is among the present activities of William (Billie) Skidmore, former saloon keeper, gambler and alleged tribute collector. . . .

"Skidmore daily holds levee in the South Clark Street Court, circulating through the courtroom, drumming up business and making it the headquarters of his activities as the savior of crooks who have been drawn into the toils of the police . . .

"The pickpockets, who during the days when Skidmore held sway over the gambling and disorderly houses on the west side, gathered in his saloon at West Lake and North Robey Streets to divide the spoils and sneer at the police, still find in him a powerful protector. Shoplifters and gamblers seem to turn toward him for guidance in their troubles."

The cases in which Skidmore was interested received precedence over all others in the courts. A word from Skidmore would advance any case to a speedy hearing. He had entree to the offices of many powerful officials and to the chambers of many judges. He was in court every day. The news item stated that in previous days Skidmore had been a political power commanding an underworld following that counted heavily at election. But Skidmore's political power and influence were only in their ascendancy.

During violent gang warfare between the Capone and Aiello gangs Skidmore figured in a peace pact in October 1926, which relocated Skidmore, Barney Bertsche and Jack Zuta to the district north of Madison Street, an area composed largely of the 42nd and 43rd Wards. Later, however, Skidmore's domain was to extend over the entire city of Chicago and Cook County. The extent of his power was brought out at the trial of Skidmore for income tax evasion which resulted in a guilty verdict on March 8, 1941 in Federal Court, Chicago. The jury decided that

the government had definitely established that for the years 1936, 1937 and 1938, Skidmore had evaded income taxes in the amount of \$353,194.00. Of this amount \$295,648 was for the year 1938. Testimony at the trial reflected that the major portion of Skidmore's income was received from gamblers who paid him for police protection. Ten gamblers who were witnesses at the trial testified that police and politicians sold protection to gamblers through Skidmore. They testified that the protection money was paid at Skidmore's junk yard located at 2840 South Kedzie Avenue. Two ward committeemen were named as having introduced various gamblers to Skidmore. The ward committeemen admitted having visited Skidmore's junk yard at regular intervals over long periods of time but, of course, claimed their visits were not connected with gambling.

During the course of the trial Skidmore admitted he had loaned \$10,000 to a captain of the Chicago Police Department. This captain was one of the seven captains ordered discharged by the Civil Service Commission on June 16, 1944 for failure to suppress gambling. In 1941 Sheriff Thomas J. O'Brien, through his chief of the Cook County Highway Police Lester Laird, started a crusade against gambling joints in Chicago. Only a few days later the Chicago Tribune published a large photograph of the Chief of the Cook County Highway Police and William Skidmore having dinner together at the exclusive Drake Hotel in the International Room. Laird was replaced as Chief of the Cook County Highway Police. The acting chief of the Cook County Highway Police who succeeded Laird, had previously testified on Skidmore's behalf during the trial of Skidmore for evasion of income taxes. The federal trial clearly reflected that Skidmore's influence was tremendous in all types of gambling. He was the political "fix" in the policy racket. Walter Kelly, who had been slain in Indiana two years previously, Edward Jones and Julius Benvenuti were named as important policy operators who had "paid off" to Skidmore. Testimony was also given by policy operators at the Skidmore trial that a player's chance to win at the policy racket was one in one thousand seven hundred and seventy. William Skidmore died February 18, 1944 in the Federal Prison at Terre Haute, Indiana where he had been committed following his conviction for income tax evasion. This brought to a conclusion another epoch in Chicago's gambling history.<sup>28</sup>

<sup>28</sup> For additional data concerning politics and gambling syndicate alliances in Chicago, see article entitled "Too Much Fun" by John T. Flynn, *Collier's Magazine*, October 7, 1939 and article entitled "These Our Rulers" by John T. Flynn, *Collier's Magazine*, July 13, 1940. An excellent account of the policy racket in Chicago and

In recent years there has been a considerable amount of gang warfare involving well-known Chicago gamblers. Following the gang killing of Ben Zuckerman gambling king and political power of the 24th Ward on January 14, 1944, the body of Sam Gervase was found in the rear of a shop at 609 Division Street on March 2, 1944. Gervase was an associate of James DeAngelo, whose battered body was found stuffed into the luggage compartment of his automobile parked in front of 1526 N. La Salle Street on March 11, 1944. DeAngelo and Gervase were both associates of Thomas Neglia who was shot and killed in a barber chair at 1608 Sedgwick Street, December 6, 1943. DeAngelo was a politician and operator of bookie establishments. At one time he was alleged to have hired the killer of State Representative Albert J. Prignano, who was slain on December 29, 1935. On March 13, 1944, John Joseph Williams, gambling lord of the 13th Ward, was ambushed in his automobile and riddled with shotgun slugs. Williams recovered. On April 7, 1944 J. Livert Kelly, commonly known as St. Louis Kelly, negro labor leader, gambler and racketeer, was shot and killed in a political brawl. On April 13, 1944, Jack Guzik, frequently referred to as the number one gambling boss of Chicago since the abdication of Al Capone, was kidnapped. He was released on April 14, 1944 apparently unharmed. Four days later, April 18, 1944, James D. Larkin, alias Jens D. Larrison, was shot and killed in the tavern of Al Capone's brother, Matt Capone, at 4839 Ogden Avenue. Larkin had been arrested on September 8, 1943 following the investigation by the Chicago Crime Commission of the big syndicate gambling establishment known as the "Dome," 7466 Irving Park Road where Larkin was employed. Larkin had also been convicted in Federal Court, Chicago, 1940 on charges of doping race horses. He had been ruled off the tracks for life by the State Racing Commission and apparently thereafter, until his death, was a trusted employee in handbooks and gambling establishments. On August 3, 1944, Dago Lawrence Mangano, who occupied the number four place on Chicago Crime Commission public enemy list of several years ago, met his death in a hail of gangland shotgun slugs. His companion Michael Pantillo was also killed. Mangano was a close associate of Ben Zuckerman. On November 1, 1944, Robert Bock, a brother-in-law of Danny Stanton, was ambushed

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political protection afforded the policy syndicate is contained in the book "Black Metropolis" by St. Clair Drake and Horace R. Cayton, Harcourt, Brace & Company, New York (1945) pages 470-494. For other interesting data on syndicate gambling and crime in Chicago refer to article entitled "Who Killed Estelle Carey?" by John Bartlow Martin, *Harpers Magazine*, June 1944 and article "Sisterhood of the Classic Cubes" by Ben Blake, *Magazine Digest*, July 1944.

in front of his home, 7558 Kingston Avenue, and wounded by a shotgun blast. Bock recovered. This was another episode in the south side gambling war. On December 28, 1944 Joseph Mundo, also known as Joe Mondo, was found shot to death in his automobile at 14th Street and Wolcott Avenue. Mundo was a handbook operator and also the nephew of State Representative James Adducci. On December 29, 1944, Paul Kare, gambling czar of the Greek colony, was shot and critically wounded. This shooting occurred only fourteen hours after Mundo met his death from gangland bullets. On January 1, 1945, Mike Dooman, was shot and killed at a cocktail lounge at 938 Belmont Avenue. Gambling, as well as blackmarket activities, was attributed as the cause of his murder. It was believed that a gang war for control of a Greek dice game was in progress. On April 7, 1945, Willie Tarsch, alias Kolatch, former partner of Ben Zuckerman in gambling activities, was assassinated in the rear of a building at 3710 W. Roosevelt Road. On May 25, 1945 James "Red" Fawcett, one of the most prominent of the south side gamblers and killers, was shot to death in a saloon at 2462 East 75th Street. On July 13, 1945 Morris Margolis, handbook operator, was found shot to death in an automobile at 1652 W. Ontario Street. In addition to gambling, Margolis was allegedly connected with black-market activities.

Late in 1945, members of the Capone syndicate had a bitter disagreement with James M. Ragen, part owner of the Continental Press Service which disseminates necessary racing information to handbooks. Notorious Capone gangsters including Murray Humphries, Tony Accardo and Jack Guzik attempted to intimidate Ragen into sharing the profits of Continental Press with them. When these efforts failed the Capone syndicate established a rival wire service called the Trans-American Publishing and News Service Inc. Offices for the new service, manned by notorious hoodlums, were located in various cities throughout the Nation. In typical gangster fashion they engaged in a campaign of terrorism designed to force Continental Press out of business. Ragen rushed to the states attorney and the police begging for assistance. He claimed his life had been threatened by members of the Capone organization. On June 24, 1946, James M. Ragen was ambushed and shot. He died several weeks later. The fight between the Capone gang wire service and Continental Press touched off other gang killings in Chicago and elsewhere.

The "wide-open town" policy, publicly extolled by so many Chicago mayors and political leaders, has inevitably resulted



in alliances between the underworld and officialdom which in turn have made organized gambling a big business in Chicago. But the price—widespread racketeering, corruption, extortion, gang warfare and murder—has been high.<sup>24</sup>

### *History of the Licensing of Gambling in the United States*

It is sometimes indicated that proposals to legalize gambling are the products of modern, liberal thinking. It is claimed that laws which make gambling illegal are based on a strong Puritan tradition which has been outmoded by present social conditions and attitudes. To legalize gambling would present a new approach to time-worn problems. Examples of certain lotteries in other countries are cited on behalf of proposals to license gambling here.

History completely contradicts the validity of this line of reasoning. While traditionally in the United States gambling with cards and dice has been looked upon with disfavor, from early Colonial times until the first quarter of the nineteenth century, gambling by means of the lottery was legal in America. People generally participated in this form of gambling. Churches and such famous educational institutions as Harvard, Yale, Dartmouth and Williams were financed, in part, by lotteries. Following the Revolutionary War, lotteries multiplied with great rapidity. "By 1790 about 2,000 legal Lotteries were in operation, and the list of drawings and prizes daily required a half column of fine print in the New York newspapers. A legislative session was seldom held anywhere in the country without one or more Lottery grants being authorized. New York and Philadelphia were the most important centers of ticket distribution, and in each of these cities sales approximated \$2,000,000.00 a year, an impressive figure when it is considered that neither had yet reached the 100,000 mark in population. During the first thirty years of the nineteenth century the Lottery business in America reached enormous proportions . . . There were sixty Lottery offices in New York in 1819, but by 1827 this number had increased to 190, and the Evening Post remarked that a stranger might suppose that 'one-half of the citizens get their living by affording the opportunity of gambling to the rest.'"<sup>25</sup> By 1832, in the eight states of New York, Virginia, Connecticut, Rhode Island, Pennsyl-

<sup>24</sup> See article entitled "The Myth of The Wide-Open Town" by Virgil W. Peterson, *The Journal of Criminal Law and Criminology*, September-October 1948.

<sup>25</sup> "Sucker's Progress"—An Informal History of Gambling in America from the Colonies to Canfield by Herbert A. Asbury—Dodd, Mead and Company, Inc., New York, copyright 1938 by Dodd, Mead and Company, Inc., pages 76 and 77.

vania, Delaware, North Carolina and Maryland, the people were spending for lottery tickets, five times the amount spent in expenses for the entire United States Government. "Public officials and thinking people generally began to realize about 1820 that the Lottery as an institution was rapidly becoming a monster which threatened to dwarf legitimate business and industry and transform America into a nation of petty gamblers. From about the end of the War of 1812 until Lotteries were legally abolished in most states the agents and promoters were, in the main, sharpers; and there began to be heard a rising volume of complaint about the unreasonable profits exacted by these gentry, the gross frauds which they perpetrated, and the questionable methods by which they disposed of the huge numbers of tickets necessary for successful drawings. Niles' Weekly Register said on February 12, 1831, that 'the Lottery system is becoming exceedingly unpopular, perhaps, because of the deceptive manner in which it is now managed—which on an average, is about 43 per cent against an adventurer . . . It is a vile tax on the needy and ignorant.'"<sup>26</sup>

"The profits which legally accrued to the promoters, managers and agents of Lotteries were enormous, but they were increased by every sort of fraud and chicanery that could be devised."<sup>27</sup> In the Plymouth Lottery of 1811, authorized by the Massachusetts Legislature to raise \$16,000 for improvements, drawings were held regularly for nine years. During that period only \$9,876.17 was expended on the improvements. The promoters as usual made a fortune and in addition, paid out prizes in the total amount of \$886,439.75. "In many Lotteries neither the beneficiaries nor any of the prize winners were paid, for it was not at all unusual for a promoter or agent to sell all the tickets and then vanish with the money. Governor Clinton of New York called attention to this practice in his 1827 message to the Legislature when he said that 'great losses had been sustained by the defaults of managers and contractors.'<sup>28</sup> It is very clear to anyone interested in facts, that it was not a Puritanical tradition or the agitation of any long haired reformers that resulted in laws making gambling illegal. Our experience in the field of legalized lotteries, which is frequently considered one of the most innocuous forms of gambling, was a sad failure. Frauds committed by the operators of legalized lotteries assumed monstrous proportions. The public was being bled to death financially. As usual, the needy and ignorant

<sup>26</sup> *Ibid.*, page 78.

<sup>27</sup> *Ibid.*, page 79.

<sup>28</sup> *Ibid.*, pages 79, 80.

suffered to the greatest extent. In self protection, the people acted. They not only passed laws making lotteries illegal, they inserted provisions in the constitutions of the various states that were designed to prohibit the various state legislatures from ever passing laws in the future that would authorize a lottery. This is the background and the basis for Section 27, Article IV, of the Illinois State Constitution which provides that "The General Assembly shall have no power to authorize lotteries or gift enterprises for any purpose, and shall pass laws to prohibit the sale of lottery or gift enterprise tickets in this state."

Later experiences with legalized lotteries in the United States met with similar results. The Louisiana Lottery Company was originally authorized, in 1868, by the Louisiana Legislature, to raise \$40,000 per year to assist in the maintenance of the Charity Hospital in New Orleans. As an indication of the tremendous profits to the operators of this lottery, the company offered to pay \$1,250,000 per year for the privilege of operating the lottery when agitation arose for the removal of the charter in the 1890s.

"Throughout its existence, the Lottery aroused great opposition in Louisiana, partly because of its pernicious effects upon the poor, and partly because of the flagrant misuse of the great political power which it possessed."<sup>29</sup> In 1892 the lottery was almost the sole issue in a bitterly contested election for governor. The people of Louisiana decided against the candidate sponsoring the lottery and the company's hopes for a new charter were killed. In addition to the provisions in various state constitutions and the laws enacted by legislatures prohibiting lotteries in most states, the federal government has also enacted laws prohibiting the interstate transportation of lottery tickets. The provisions found in most state constitutions and the laws enacted by the various legislatures in the United States, as well as by Congress, were not based on a strait-laced Puritanical tradition. They were enacted by the people themselves in the protection of the public interest only after a sordid experience with legalized lotteries for more than a century.<sup>30</sup>

Our experience with legalized lotteries in the United States merely repeated a similar experience in England. From the time the first English lottery was projected in 1566 until 1826, a

<sup>29</sup> *Ibid.*, page 86.

<sup>30</sup> For additional information see "New Horizons in Criminology" by Harry Elmer Barnes and Negley K. Teeters, Prentice-Hall, Inc., New York (1943), pages 34-39; and article entitled "The Truth About Lotteries in American History" by William Christie MacLeod, *The South Atlantic Quarterly*, April 1936, The Duke University Press, Durham, N. C.

large amount of revenue for public works was raised through lotteries authorized by Parliament. John Ashton has described the fraud that was perpetrated through dishonest drawings and the counterfeiting of lottery tickets. In addition, a system of private lotteries sprung up. In describing a private lottery called "little goes" an article in the London Times of July 22, 1795 states:

"No man of common sense can suppose that the lottery wheels are fair and honest, or that the proprietors act upon principles anything like honour, or honesty; for, by the art, and contrivance, of the wheels, they are so constructed, with secret springs, and the application of gum, glue, &c., in the internal part of them, that they can draw the numbers out, or keep them in, at pleasure, just as it suits their purposes; so that the ensurer, robbed and cajoled, by such unfair means, has not the most distant chance of ever winning; the whole being a gross fraud, and imposition in the extreme . . . bidding defiance to law, and preying upon the vitals of the poor and ignorant . . . proprietors are well-known bad characters, consisting of needy beggars, desperate swindlers, gamblers, sharpers, notorious thieves, and common convicted felons; most of whose names stand recorded in the Newgate Calendar for various offences of different descriptions.'"<sup>31</sup>

It was the experience in England that state lotteries encouraged a spirit of gambling injurious to the welfare of the people. The habits of industry were weakened and the permanent sources of public revenue were thereby diminished. Furthermore, lotteries gave rise to other systems of gambling that were even more vicious and dishonest and the repression of which became more difficult. As a result, in the Lottery Act of 1823, Parliament provided for the discontinuance of State Lotteries after the drawing authorized in that act.<sup>32</sup>

The legalization of one form of gambling which may be considered innocuous inevitably leads to the licensing of others. It is universally recognized that policy has always been one hundred per cent fraudulent. It has caused untold misery and suffering among the poor. Yet, in 1880, the State of Louisiana, legalized policy by granting a charter to the Louisiana Lottery Company giving it a monopoly over the policy business. New Orleans and other Louisiana cities went "policy mad." Policy booths flourished on the main business streets of New Orleans and for favorable locations as much as \$5,000.00 was paid for a stand that occupied not over four feet square of space.. Throngs lined the streets to bet their nickels and dimes. The profits to the policy operators were enormous. From about 1840 to World

<sup>31</sup> "History of Gambling in England" by John Ashton, Duckworth & Company, 3 Henrietta St., Covent Garden, W. C.—1898, page 236.

<sup>32</sup> "History of Gambling in England" by John Ashton, Duckworth & Company, 3 Henrietta St., Covent Garden, W. C.—1898, pages 222-239.

War I, "Policy completely overshadowed, in popularity, receipts and number of addicts, all other forms of gambling in America."<sup>83</sup>

New Orleans has had a long history as one of the big gambling centers in America. This has been more or less true from the time it was settled by French colonists in 1718. The vast regions acquired through the Louisiana Purchase in 1803 were formally possessed by the United States March 10, 1804. Disorder and lawlessness in New Orleans reached tremendous proportions. With the influx of American politicians, gambling houses operating in New Orleans increased tremendously. Within a few years there were more gambling houses in New Orleans than the combined total in operation in several of the most populous cities of the United States. Little effort was made to restrain gambling until 1811 when the legislature passed a law prohibiting it. The New Orleans gamblers then organized and three years later, through the efforts of a Gamblers' Lobby, the Louisiana State law was amended to permit gambling in New Orleans under strict municipal regulations. This legislation, which had the effect of legalizing gambling in New Orleans, is similar to that proposed for Chicago today. Ordinances designed to control the vice were enacted by the Municipal Council, but the city was without an efficient police force to enforce its edicts and as the preamble to one of the ordinances said, the attempt at regulation only "encouraged this alarming vice under the sanction of the law."<sup>84</sup> Legalized gambling continued in New Orleans until 1820 when the legislature enacted a law prohibiting gambling throughout the state.

A second experiment with legalization of gambling was made three years later. The City of New Orleans needed funds and in 1823, at the instance of the municipal authorities, the Louisiana Legislature enacted a statute that authorized New Orleans to license six gambling houses at an annual fee of \$5,000.00 each. Of the revenue thus raised eighty per cent was to be applied to the support of the Charity Hospital and twenty per cent to the College of Orleans. For a time the pressure from the licensed gambling house proprietors enabled them to maintain a substantial monopoly over gambling in New Orleans. The authorities cooperated by vigorously suppressing gambling except in the six gambling houses authorized by law. It was during this period of monopoly by the proprietors of the six licensed gambling

<sup>83</sup> "Sucker's Progress"—An Informal History of Gambling in America from the Colonies to Canfield by Herbert Asbury—Dodd, Mead & Company, New York, Copyright 1938 by Dodd, Mead and Company, Inc., pages 96 and 97.

<sup>84</sup> *Ibid.*, page 111.

houses in New Orleans that the first elaborate gambling house was opened in 1827 by John Davis. Asbury refers to Davis as the father of big-time gambling in the United States. Davis became powerful politically and socially prominent.

Following the usual pattern, whenever attempts have been made to control gambling on a limited scale, dissatisfaction soon arose with legalized gambling confined to only six establishments. This feeling was augmented by the wealth and power that was being acquired by Davis. Consequently in 1832 the Louisiana Legislature enacted another gambling statute that removed the restriction upon the number of licenses that might be issued for gambling houses in New Orleans. The annual license fee was increased to \$7,500.00 for each gambling establishment. The number of gambling establishments increased by leaps and bounds. Gambling losses in New Orleans increased proportionately. Many men squandered annually as much as \$100,000 in the New Orleans gambling emporiums.<sup>35</sup>

The tremendous power of John Davis and the numerous gamblers drawn to New Orleans by his success became alarming. In addition, crime and unrestrained lawlessness of the gamblers working out of various Mississippi River towns issued grave warnings to the citizens of New Orleans. The people learned of the conspiracy of John A. Murrel and his gang of bandits, consisting of the most vicious elements of the underworld. The Murrel gang, composed of horse thieves, murderers, gamblers and a number of politicians, conspired to stage a well-planned, bloody revolt. It is said that the viciousness of murders committed by Murrel and his gang has never been equalled in this country. Some members of the Murrel gang frequented Vicksburg, Mississippi, which was a notorious gambling center. In fact, gambling flourished, and to such an extent, that three-fourths of the Vicksburg population was addicted to gambling. Conditions were deplorable. An uprising against gamblers occurred in Vicksburg on July 4, 1835. A gambler was tied to a tree after which he was given thirty-two lashes with a whip, was tarred and feathered and ordered to leave Vicksburg within forty-eight hours. In retaliation the underworld, composed of gamblers, threatened to burn Vicksburg. The coup failed but the people were so frightened that they were determined to destroy the colony of professional gamblers in Vicksburg. A mass meeting was held and a public resolution was unanimously adopted ordering all gamblers to leave town within twenty-four hours. Copies of the resolution were printed and posted in con-

<sup>35</sup> *Ibid.*, page 115.

spicuous places. Some of the gamblers were defiant. They barricaded themselves and laid in stores of ammunition. The Vicksburg citizens also organized and overwhelmed the gamblers who bitterly resisted to the end. One of the most respectable local citizens was shot and killed. Summary action was taken against five of the gamblers captured. They were hanged in the presence of the respectable citizens who thereafter raided the gambling dens and burned and destroyed all gambling equipment that could be found. Anti-gambling societies were promptly formed. Most of the gamblers escaped to other river towns. But knowledge of the Vicksburg uprising was widespread. Citizens in many places were alarmed. Gamblers who were caught were lashed, tarred and feathered and ordered to leave town in twenty-four hours. Rigid anti-gambling laws were passed in many states.

The citizens of Louisiana began to take stock of their local conditions. They observed the political power that had been acquired by some of the proprietors of New Orleans gambling emporiums. They noted the tremendous growth of large-scale gambling operations. They felt the impact of the uprisings of the gamblers composed of the worst criminal element in Vicksburg and elsewhere. They decided that the legalization of gambling presented a threat to their security. Consequently, in late 1835, the licensing acts of 1823 and 1832 were repealed by the Louisiana Legislature. New laws which became effective in 1836 made the operation of a gambling house in Louisiana a felony punishable by a fine of from \$5,000 to \$10,000 or imprisonment from one to five years. It is interesting to note that for approximately ten years gambling was rigidly suppressed in New Orleans and gambling resorts of any consequence did not appear there again for many years.<sup>36</sup>

From about 1846 to the middle of 1850, New Orleans was a focal point for men departing to the California gold fields and also a base for the American armies then engaged in the Mexican War. New Orleans transient population consisted of fortune hunters and adventurers, the type that always appeals to the swindling gambler. New Orleans was soon restored "to its rightful position as one of the great centers of gambling in America. With the connivance of city officials and the police—New Orleans was then in the midst of a period of political corruption which eventually brought about the Vigilante Movement of 1858 . . ."<sup>37</sup>

<sup>36</sup> *Ibid.*, pages 116-117.

<sup>37</sup> *Ibid.*, page 117.

In 1848 the New Orleans authorities licensed a number of places to play Rondo and Keno. By 1850, New Orleans was deluged with gambling houses. In fact, . . . "so many dives were opened that after a few years it became necessary to suppress them as nuisances, and they were officially prohibited by an ordinance enacted in 1852."<sup>38</sup>

A form of licensing under military control and apparently without government sanction occurred for a few months in New Orleans during the Civil War after the Yankee Army took possession on May 1, 1862. General Butler at first prohibited all gambling "but a few weeks later he notified the sharpers that they might open houses if they would pay a stiff license fee and take his brother, A. J. Butler, in as full partner."<sup>39</sup> Some of the gamblers accepted this arrangement. Those who continued to operate but who refused to pay tribute to Butler were imprisoned. General Butler was transferred in December 1862 after which time gambling houses operated as before for about two years when they were again closed by another general.

The Louisiana Legislature again legalized gambling in New Orleans in 1869. The law provided that each gambling establishment should pay an annual license fee of \$5,000.00. No restrictions were imposed as to the number of gambling places that might be licensed nor were any character qualifications provided by the licensee. Asbury states "the result of this law exceeded all expectations. Hundreds of sharpers hurried to New Orleans from every large city in the Union, and gambling houses were opened on all the principal streets; and though relatively few paid the license fee, all submitted to blackmail by the police and city officials."<sup>40</sup> Thousands of swindlers preyed upon willing suckers with every known type of gambling device and without any interference from the authorities. Rival gambling house representatives virtually swarmed over prospects whom they might drag into the gambling dens and defraud. It is little wonder that the license law was bitterly resented by the respectable citizens of New Orleans. But opposition to the law was not confined to that source alone. When the new license law was enacted the New Orleans gambling fraternity had looked upon it with considerable hope. Instead, the law had attracted the swindling gentry from all the large cities, resulting in a decrease of profits to the New Orleans proprietors. They were as anxious as the substantial citizens to rid themselves of the licensing law and they directed their efforts toward that objective.

<sup>38</sup> *Ibid.*, pages 117 and 118.

<sup>39</sup> *Ibid.*, page 260.

<sup>40</sup> *Ibid.*, page 415.



At the very next session of the legislature the law was repealed.

One of the most consistently fraudulent of the numerous gambling schemes practiced in America was "Three-Card Monte" which originated in Mexico. It attained enormous popularity particularly in the South and West. Regardless of the fact that it was an out and out swindle, the Legislative Council of Denver, Colorado in 1860 legalized Three-Card Monte. This experiment in legalized gambling lasted but a short time. One member of the Denver Council resigned in protest. The respectable citizens objected so strongly that the ordinance was repealed.<sup>41</sup>

During the gold rush days, San Francisco was the center of large-scale gambling activities. At one time there were 1,000 gambling establishments in regular operation. San Francisco furnished another experiment with legalization of gambling. An ordinance was passed which permitted gambling houses to operate legally upon payment of a license fee. Public sentiment turned against the business of gambling as the population assumed a degree of permanency and as San Francisco's future became secure. On April 7, 1852, the San Francisco Herald stated that the gambling houses were tolerated only because they were charged heavily for licenses. In 1854, a state law was passed which made it a felony to gamble or to keep a gambling house. This law was repealed five years later as a result of lobbying by powerful gambling interests. Gambling never revived in San Francisco to its former prominence and another law prohibiting gambling was enacted in 1873. This law in conjunction with local ordinances which were passed subsequently, wiped out gambling on a large scale.<sup>42</sup>

Other attempts to permit gambling to operate legally upon payment of license fees were made in the territories of New Mexico and Arizona prior to their admission into the Union in 1907. The gambling house proprietors were required to pay an annual fee of \$500.00 for each gambling device or layout. "Half of the money thus raised went into the general funds of the territories, and half was applied to the support of the county and district schools. During the first half-dozen years of the twentieth century, Arizona and New Mexico each harbored from 700 to 1,000 gambling resorts, nine-tenths of which were skinning dens of the worst sort. Herbert J. Hagerman, who was Governor of New Mexico in 1906 and 1907, said in a message to the Territorial Council that 'some of the games as played here afford the player 250% less chance of winning than similar games afford

<sup>41</sup> *Ibid.*, pages 55-60.

<sup>42</sup> *Ibid.*, pages 320-321.

in the larger gambling establishments of Europe, which pay enormous dividends to their stockholders.'<sup>43</sup>

In February 1907, New Mexico enacted a rigid anti-gambling law. Under its provisions the gambling house proprietor, patron and owner of the premises were subject to fines of \$500.00 and imprisonment for six months. An anti-gambling statute was also enacted in Arizona about the same time. While its provisions were less severe, local ordinances that supplemented it resulted in the effective suppression of gambling.

In 1947 the Idaho legislature passed a law which permitted municipalities to license slot machines on a local option basis. Many communities in Idaho took advantage of the law for the purpose of raising needed revenue. The city of Twin Falls, Idaho, for example, licensed slot machines and received 50 per cent of the gross proceeds after a deduction of ten per cent for maintenance. The arrangement was lucrative from the standpoint of revenue but the abuses which resulted were alarming. The police commissioner found that a syndicate controlled many of the machines. A patrolman was convicted of obtaining \$1000.00 from a cafe operator to insure the continuance of his slot machine license. The rolls of relief agencies were growing due to money poured into slot machines by people of small incomes. Armed robberies increased. Two alleged victims of holdups confessed to police that they had fabricated the robbery stories. Their entire weekly salaries had been consumed by the slot machines and they invented the robbery stories to account for the loss of their money which was needed by their families for necessities. The numerous evils growing out of the licensed slot machines created much public opposition. As a result, on January 21, 1949, the city council of Twin Falls, Idaho, cancelled all slot machine licenses. Under similar circumstances, the cities of Boise, Nampa and Rupert, Idaho, also cancelled all slot machine licenses for 1949.<sup>44</sup> The Idaho Municipal League has gone on record denouncing the partnership of a city with slot machine operators. The mayors of Idaho have taken the stand that "we oppose the idea of municipalities being in partnership with the owners of gambling devices, and dependent upon devices of questionable legality for a necessary portion of the municipal finances".<sup>45</sup> Governor C. A. Robins of Idaho asked the 1949 legislature to repeal the state license law in its entirety.

<sup>43</sup> *Ibid.*, page 346.

<sup>44</sup> State of California, Second Progress Report of The Special Crime Study Commission on Organized Crime, Sacramento, Calif., March 7, 1949, page 66.

<sup>45</sup> *The Christian Science Monitor*, October 20, 1948.

The Montana legislature enacted a statute which permits the maintenance of slot machines in private clubs. Punch boards were also legalized with the state receiving 3 per cent of the value of each board. In 1947 alone, 179 so called non-profit clubs were incorporated in Montana. Conditions were rapidly getting out of hand. In the latter part of 1947, Governor Sam C. Ford stated that "the condition of the state is worse than it has been for many years with reference to gambling". He blamed the intolerable conditions which had arisen to the laws which permitted the operation of punch boards and slot machines in private clubs. In a special address in November, 1947, the governor of Montana admitted that his "two outstanding mistakes were when I signed the slot machine law and the punch board law". Governor Ford expressed the hope that the State Supreme Court would declare this undesirable legislation unconstitutional. He stated that he intended to recommend and insist "that both laws be repealed".<sup>46</sup>

By 1949, Montana was flooded with over 600 so called "private" clubs, many of which are merely "fronts" for the slot machine interests. Some of the clubs are so "private" they prominently display signs with the notation "Public Invited". There is much discontent with the law on the part of businessmen and other citizens due to the mass gambling which presently prevails in the state. Some tavern owners who actually do not want slot machines in their so called "private" clubs feel compelled to install them in order to keep their customers who might otherwise patronize their competitors.<sup>47</sup>

The history of legalized gambling in America definitely reflects that legalization increases mass gambling. With few exceptions, gambling has always been legalized for the purpose of increasing revenue. This, in itself, naturally removes desirable and necessary controls. It becomes expedient to issue more and more licenses in order to reap more and more revenue. The gambling interests constantly become more deeply entrenched. They become opulent and powerful politically. Bribery and corruption are resorted to in order to influence legislation favorable to the gambling interests. In the past, legalization of gambling has always resulted in such intolerable conditions that the public has demanded that the laws be repealed.

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<sup>46</sup> *Denver Post*, November 23, 1947.

<sup>47</sup> The Big Slot-Machine Swindle by Norman and Madelyn Carlisle, *Collier's Magazine*, February 19, 1949.

*Survey on Legalization of Gambling in the United States*

In order to obtain the most authoritative information available concerning the results of legalization of gambling throughout the United States the Chicago Crime Commission directed letters in 1945 to the principal law enforcement official, the Attorney General, of each of the forty-eight states. Each Attorney General was advised that "We are very much interested in obtaining certain data based on the experience of other states as to the effects of licensing of handbooks or other forms of gambling on the general crime problem." Our inquiry did not concern itself with race track betting which is permitted in many states. Each Attorney General was requested to advise—(1) Whether gambling in any form had ever been licensed or legalized in his state, (2) Whether gambling of any type is licensed or legalized at the present time, (3) The effects of the legalization of gambling on the crime situation, (4) If unsuccessful attempts had been made to legalize gambling, data was requested as to the principal reasons for the failure to enact licensing legislation, and (5) To furnish his "opinion as to the advisability or inadvisability of licensing gambling of any nature" with reasons for the opinion.

With a view of obtaining a frank expression of opinion from the Attorney General of each state the Crime Commission letter assured each Attorney General "that any comments or opinions you may offer will not be quoted from you as an individual without your express approval." Replies were received from the Attorney Generals of all forty-eight states during the early part of 1945. While some of the replies did not furnish all the data requested, the information obtained from the sources indicated made it possible for the Crime Commission to secure a comprehensive picture of the status of gambling throughout the United States. A summarization of the information received from the Attorney Generals of the various states follows.

In general, exclusive of permitting wagers at race tracks, Nevada is the only state that has legalized gambling and permits it to operate under a licensing setup. Attempts have been made in numerous states to license various forms of gambling from time to time. Whenever different forms of gambling have been licensed, usually the law has been repealed within a short period of time. For example, in Florida, slot machines were legalized by an act of the 1935 session of the legislature but the act was repealed only two years later by the legislature in 1937 and the operation of slot machines in Florida is now illegal.

Gambling is not legalized or licensed in any of the following states, with the exception of race track betting which is permitted in several instances: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

In Maine, except pari-mutuel race track betting which is lawful, the only game legalized is Beano. It was authorized by the State Legislature in 1941. As a matter of interest attempts were made in Maine to legalize dog racing but public opinion was against it and the proposal failed.

Under the Massachusetts General Laws, it is permissible to conduct or promote whist or bridge games in connection with which prizes are offered to be won by chance, provided that the entire proceeds of the charges for admission are donated solely to charitable, civic, educational, fraternal or religious organizations. Pursuant to a Massachusetts law passed in 1934 licenses were issued in several cities to charitable organizations permitting them to operate Beano games. In August 1936 the Mayor of Boston stated, "The Beano craze is growing too rapidly for the good of the city and its citizens." He thereupon summarily revoked every license in the city, later granting permits valid for only twenty-four hours to seven outstanding organizations. Although only bona fide charitable, fraternal or religious organizations were eligible for Beano permits it was found by the Mayor of Lawrence, Massachusetts in August, 1936 that since the beginning of the year the proceeds from Beano parties totaled \$32,000 but of that amount, charity had received only \$700. A large church in Worcester, Massachusetts sponsored a \$550,000 state-wide Beano drive. The promoters failed to turn in one cent to the church. A Federal investigation was initiated and several individuals connected with the promotion were arrested. Gambling czars took advantage of the law by establishing a mass of dummy charities and engaged in large scale commercial gambling activities.<sup>48</sup> The 1934 law which legalized the pari-mutuel or certificate system of wagering on horse racing and dog racing only on the

<sup>48</sup> See article entitled Beano and Bingo: Other "0" games Under Inquiry as Craze Becomes a Menace—*The Literary Digest*, August 29, 1936.

grounds of the tracks, specifically penalizes the making of handbooks at race tracks. Handbooks or other forms of gambling are not legally permitted anywhere in Massachusetts.

While gambling in general is illegal in Montana, an amendment was enacted in 1937 to the gambling prohibitory statutes exempting fraternal organizations from its provisions. Slot machines are now permitted in private clubs and punch boards are also legal. In Idaho the state legislature in 1947 enacted legislation which enabled municipalities to license slot machines on a local option basis.

Unsuccessful attempts have been made at various sessions of legislatures to legalize gambling in one form or another in the following states: California, Delaware, Illinois, Michigan, New Mexico, New York, Utah, West Virginia, Wisconsin and Wyoming.

In Nebraska an attempt was made several years ago to secure an amendment to the Constitution by the initiative process which would have legalized slot machines. This proposal was voted down by a large majority. Several years ago in Delaware some of the churches proposed legislation which would have licensed the playing of Bingo in church buildings. The Legislature did not view this proposed legislation favorably because it was feared that it would be difficult to draw the line on gambling if the bars were lowered in that instance. Likewise an attempt to legalize Bingo for churches and certain charitable organizations in Wisconsin was defeated by the State Legislature in the most recent attempt to legally permit any form of gambling in that state.

A common provision in a large number of the State Constitutions prohibits lotteries, gift enterprises or other forms of gambling. Some State Constitutions, for example in Nebraska, prohibit all forms of gambling. A few years ago the General Assembly of Kentucky enacted a statute legalizing "Bank Night." The Court of Appeals of Kentucky held that this law was unconstitutional in view of the provisions in the Kentucky Constitution which forbids lotteries and gift enterprises.

In Wyoming gambling was licensed many years ago. For more than a quarter of a century, however, there has been no licensed or legalized gambling in Wyoming. Several unsuccessful efforts have been made in the Wyoming Legislature to legalize gambling during the past few years. In 1943 a bill that proposed to legalize gambling was introduced in the Wyoming Senate and the only vote it received was that of its sponsor.

The Laws of Tennessee have prohibited bookmaking since

December 1, 1905. In Texas no form of gambling is legalized. Horse racing was permitted at one time in Texas but even horse racing has been banned for the past several years.

As a matter of interest in the early part of 1945 Governor Walter S. Goodland of Wisconsin severely denounced public and official tolerance of commercialized gambling in Wisconsin and stated that apathy toward gambling law violations would endanger and undermine public respect for other law enforcement. Through the efforts of Governor Goodland the Wisconsin Legislature in 1945 enacted a new statute designed to give the law enforcement agencies a more effective weapon in the enforcement of the laws prohibiting gambling. Under the new law the Wisconsin State Beverage Tax Division seized a large number of gambling devices and filed complaints against numerous tavern keepers for permitting gambling on their premises in violation of the law. It was reported that the gambling interests organized and raised \$100,000 to defeat the proposed bill of the Governor. Both houses of the Legislature adopted resolutions authorizing an official investigation of the activities engaged in by the gamblers to defeat the anti-gambling legislation.

The Nevada gambling law was enacted in 1931 and amended in 1941. Under the Nevada statutes specific provisions are made for the licensing of almost all forms of gambling including faro, monte, roulette, keno, fantan, twenty-one, black-jack, seven-and-a-half, big injun, klondyke, craps, stud poker, draw poker, or any banking or percentage game played with cards, dice or any mechanical device or machine for money, property, checks, credit, or any representative of value; or any gambling game in which the person or firm conducting or managing it receives any compensation or any percentage or share of the money or property played. Handbooks are also licensed. The statute provides that the receiving of bets or wagers on horse races held without the State of Nevada shall be deemed to be a gambling game within the meaning of the license law. The law requires the gambling houses to pay a license fee of \$50.00 per month. Under the Act of 1931, the licensee is required to furnish a complete description of the particular room and premises together with the location of the building and its street number, in which the gambling is to be conducted. The Act of 1931 also makes a distinction between card games and other forms of gambling insofar as the license fee is concerned. Stud poker, draw poker, bridge, whist, solo and pangingue for money are licensed independent of other forms of gambling at the rate of \$25.00 per table per month, payable three months in advance. The law

provides for a license fee of \$10.00 per month, payable three months in advance, for each slot machine or if a combination of units are operated by one handle, the fee of \$10.00 per month per unit is specified. A license fee of \$50.00 per month, payable three months in advance, must be paid to the Sheriff for each game or device license issued for all other forms of gambling. Under the 1931 law the County Auditor issues the gambling licenses. On the first Monday of each month the Sheriff is required to pay to the County Treasurer all money received by him for licenses. The Sheriff must also, on the same day, return to the County Auditor all licenses not issued or disposed of as required by law. Twenty-five per cent of the money received in payment for gambling licenses is turned over to the State Treasury for general state purposes and seventy-five per cent is retained by the County Treasurer for general county purposes. Regarding license fees paid for gambling establishments located within the boundaries of an incorporated city or town, the county retains only twenty-five per cent of such fees and fifty per cent is turned over to the Treasury of the city or town for the use of the local municipalities. Persons under twenty-one years of age are not allowed to play any licensed game nor to loiter about any room or premises in which gambling is conducted. In any legal action, the statute provides that it is no defense for the licensee, employee or dealer operating a licensed game to plead that it was believed the minor was over twenty-one years of age.

It is interesting to note that it was found necessary to particularly specify that thieving games, electrical or mechanical devices designed to manipulate the gambling machines or the use of marked cards, loaded dice, plugged or tampered-with machines or devices, are unlawful.

Under Chapter 248, Statutes of Nevada 1945, it was provided that before July 10, 1945, all operators of gambling devices or games of any nature, would be required to obtain a state gambling license from the Nevada Tax Commission, Carson City, Nevada. The state tax imposed under the 1945 statute, is in addition to the county license fees required under existing regulations. The state fee consisted of one per cent of all gross revenue exceeding \$3,000 quarterly (i.e., \$12,000 annually). If the quarterly gross revenue of the gambling establishment does not exceed \$3,000, a license is issued without charge, but regardless of the amount of gross revenue it is unlawful for anyone to operate without a state license. Gross revenue is defined as the total of all sums received, or winnings, less only the total of all sums paid out, or losses, for a licensee. The state licenses are



issued on a quarterly basis and the fee for each quarter is based on the gross revenue for the preceding quarter. Subsequently, the state license fee was raised from one per cent to two per cent of all gross revenue. And under a 1947 amendment in addition to all other state and local taxes each gambling establishment is required to pay a state tax of a specified sum depending on the number of games operating in the place. This tax ranges from \$750 per year for an establishment in which three games operate to \$30,000 a year in places which have twenty or more games.

The Annual Report of the State Controller of Nevada for 1944 reflects that gaming licenses accounted for \$161,190.61 in revenue during the period from July 1, 1943 to June 30, 1944. In the year ending June 30, 1947 the report of the State Controller disclosed that the state of Nevada had received a total of \$640,615.02 from state gambling taxes and licenses during that fiscal period.

In Illinois gambling is not legalized or licensed except for wagering at race tracks. Former Mayor Edward J. Kelly, of Chicago, was a strong proponent for the licensing of handbooks in Chicago. In 1935, State Representative John M. Bolton introduced a Bill sponsored by Mayor Kelly that was designed to legalize handbooks in Illinois. The General Assembly refused to pass the original bill. It was then amended to apply only to Chicago and the bill was passed. This bill would have permitted the Chicago City Council to license and to regulate handbooks in Chicago. One-half of the profits from the licensing of handbooks were to go to the City's General Revenue Fund and the remainder to the Board of Education. Honorable Elmer J. Schnackenberg, Judge of the Circuit Court of Cook County, who was then a State Representative, said: "The remarkable thing about this bill is that the sponsor admits it is vicious. It is so bad that downstate people wouldn't vote for it so the sponsor amended it to apply only to Chicago. If it is bad for downstate, it is bad for Chicago, too. . . . It is a surrender to lawlessness."<sup>49</sup> On July 11, 1935, Democratic Governor Henry Horner vetoed the bill. In his veto message Governor Horner said:

"The principal argument for H. B. 1045 seems to be that the desire to gamble is inherent in human nature, that it cannot be suppressed or eradicated, and, therefore, it should be permitted, regulated and legalized with a portion of the profits accruing to government.

"It is readily admitted that the desire to gamble is found in most persons, perhaps in some form, and to some extent in all persons. Its prevalence, however, does not stamp it as a virtue. Nor do I concede that public and commercialized gambling cannot largely be suppressed, even if it cannot be entirely eradicated.

<sup>49</sup> The Assembly Bulletin, June 17, 1935, Volume 19, number 4, pages 4-5, Official publication of the Legislative Voters League of Illinois.

"Because there are violations of a law it does not follow that the law should be repealed. If there is any justification in legalized book-making there is equal justification in legalizing all other forms of public gambling now prohibited. . . . There are many instances where the lure of public gambling has led to embezzlements, prison sentences, mistreated and broken families. . . . It is a hazardous experiment for a state to legalize a business which is now illegal everywhere in this country. . . . It is of interest that the members of the General Assembly living outside of Chicago permitted for that city what they would not tolerate in their own communities."

Representative John M. Bolton who introduced the bill to legalize handbooks in Chicago during the 1935 Session of the General Assembly met a violent death from a shotgun blast on July 9, 1936. The murder resembled many Chicago gang killings. A Chicago Daily Tribune article on July 10, 1936 linked Bolton with the gambling racket in Chicago. This article said: "While Bolton and his brother Joseph, known as 'Red' when he allegedly ran a speakeasy on the west side, were said to have had a connection with the beer business during prohibition, their new racket, the police were informed, was gambling. Investigators theorized that the brothers were working toward a sizable measure of control in the west side gambling racket—race handbooks and slot machines. John, several police said, had a silent partnership in two books, one at 1709 West Madison Street and the other close by at Madison and Paulina Street." The Tribune news item mentioned Bolton's attempt to legalize handbooks during the 1935 Session of the General Assembly and further stated "Bolton further manifested his interest by arranging for the incorporation of two organizations known as the Handbook Employees' Union and the Handbook Operators' Association." A police captain, said the Tribune article, "recalled that several years ago when Bolton had a flower shop on Taylor Street, he also 'kept a little book in the back room.' Whether that little book may have been expanded into a chain of establishments was a question which had not been answered." The news item also quoted a police captain as stating that "Bolton had had a hand in the organization of a group of tavern owners shortly after beer became legal. His activities in this venture were being examined."

In 1941, another bill was introduced in the Illinois General Assembly to legalize handbooks in Illinois. It provided for a book-making license commission to have jurisdiction of all counties downstate and a County License Commission to have jurisdiction of Cook County. The act provided that it would be the duty of these commissions to license, tax and regulate the occupation of handbook making within their respective jurisdictions. Gov-

ernor Dwight H. Green vetoed the bill of July 18, 1941. In his veto message Governor Green stated: "The first obvious objection to the bill is that it prescribes no qualifications for those seeking a license. Presumably, any person who desires to operate a gambling place could obtain a license, even though he may previously have been convicted of crime or be notoriously disreputable. It is well known that there is a tendency for a hoodlum element to gravitate to gambling places. For that reason it would seem that at least there should be some prerequisite of good character and reputation to the issuance of a license.

"Three principal arguments seem to be advanced in its favor. The first is that because of the desire in human nature to gamble it cannot be suppressed and should therefore be legalized and licensed. Second, that those who have the time and money to attend race tracks have the opportunity to bet, while those not so fortunately circumstanced are deprived of an equal opportunity and should be given it by the institution of legalized gambling places. Third, that since gambling flourishes illegally for the profit of those who conduct it, it should be legalized and part of the profits obtained by the State and city.

"These arguments strike me as being of doubtful validity. It is true that the love of risk-taking is present in a greater or less degree in all human beings; but it is a characteristic that must be held in check rather than encouraged. If it were to be developed, it certainly should not be under the auspices of gambling houses.

"I am not convinced that gambling houses cannot be suppressed. We have seen that before elections, when city or county administrations in our metropolitan centers are striving to create a good impression upon the public, there seems to be no difficulty in closing places of gambling. It has also been rumored that in the metropolitan district those who are politically unacceptable to the officers in power are successfully suppressed, while the supposed impossibility of suppression is only in reference to those who are politically friendly.

"If gambling houses can be closed before elections, there would seem to be no reason why further headway could not be made if a conscientious effort were instituted by law enforcing officers and agencies in our metropolitan area. Before we surrender it may be necessary to try the experiment of electing public officials who are honestly interested in suppressing gambling. That would at least be worth trying before giving up in defeat.

"The second argument seems likewise untenable. The placing of bets is made more difficult by the requirement that they be made only at a race meeting. If wholesale gambling were a benefit to the community, there would be no doubt that opportunities for betting should be increased. But, the contrary is true.

"The third argument is that since the operation of gambling houses appears to be difficult to suppress the State should acquiesce and participate in the profits. This argument is really one for imposing new and additional taxes upon the people. Whether money is gotten for the State or city directly by taxation or through taking part of the profits on gambling, the result to the people is the same. Eventually, the money comes from the pockets of the taxpayers. This plan would

amount to collecting greater taxes in the dishonest guise of a privilege license.

"The arguments for this bill seem to me to be without sound foundation. This bill proposes a novel experiment in law making. For many centuries the common law, upon which our legal system and Constitution is founded, has condemned gambling and gambling contracts as illegal. The Constitution of 1870 expressly prohibits the General Assembly from authorizing lotteries or gift enterprises for any purpose. Those rules of the common law and the Constitution have been developed out of centuries of experience of intelligent people—an experience which has shown that widespread gambling devastates the character and enterprise of individuals and communities.

"No normal parents would train their children in gambling rather than in the arts of hard work and thrift. This bill asks the State to do in the community what no parent would think of doing in his own home. Years of observation have taught us that gambling leads to idleness and indolence. Honest work and thrift become difficult for him who indulges in it. Gambling has often resulted in poverty, in broken families and in theft and embezzlement. I do not desire to be a party to increasing that train of disastrous consequences.

"I am convinced that the large majority of people in our State are not yet ready to reverse the basic principle of law and conduct which has been developed through centuries. They are not prepared to admit that the State is beaten and cannot enforce its laws.

"In addition to the foregoing, the Attorney General has held this bill to be in violation of the Constitution."<sup>50</sup>

In 1949 a bill was introduced in the Illinois legislature for the legalization of handbooks in Chicago. Another bill was also introduced to permit dog racing. Both bills were defeated.

Of the forty-eight Attorney Generals who replied to the Chicago Crime Commission inquiry on the legalization of gambling, only two expressed a definite opinion that legalization or licensing gambling would be desirable. Both opinions are quoted below.

(1) "Gambling particularly with cards, slot machines and pin-ball machines, would better be licensed, thus bringing it into the open and making it subject to proper inspection and regulation and at the same time producing some public revenue."

\* \* \* \* \*

(2) "It is impossible, as amply demonstrated in this state, to enforce anti-gambling laws, and if gambling were properly licensed and regulated, the public would be protected against the hazards of various unfair house practices and in addition, a substantial amount of revenue could be realized from sources that at present require the expenditure of money without any advantages. The failure and impossibility of properly enforcing gambling tends to make the average citizen feel a disrespect for law in general and law enforcement. If gambling were made legal and properly licensed, this situation could be largely remedied."

<sup>50</sup> Veto Messages of Dwight H. Green, Governor of Illinois on Senate and House Bills, Passed by the 62nd General Assembly of Illinois (1941), pages 68, 69 and 70.

Incidentally, for comparison purposes with conditions in the City of Chicago and the State of Illinois, the above opinions are those of Attorney Generals representing two states having a combined total population of less than one-third of the number of people living in the City of Chicago alone.

Fifteen Attorney Generals expressed themselves definitely opposed to any proposal to legalize or license gambling. The other replies did not express any opinion as to the desirability of this type of legalization, many of them stating that they are prohibited by law from giving opinions of this nature. Five representative opinions unfavorable to the licensing of gambling are quoted below:

(1) "It is one of the unfortunate facts in our American way of life that license to engage in so-called liberal activities such as gambling very quickly leads to the operation of rackets and if individuals were licensed to conduct gambling establishments, it would result in the development of a racket that would have a most unhealthy effect upon the economic and political life of the community. I am of the opinion that the licensing of gambling is inadvisable. I am very strongly of the belief that if it is to be legalized at all, it should be carried on by the state through a State Agency set up for that purpose."

\* \* \* \* \*

(2) "It would be most inadvisable to license gambling of any nature not only because of the certain abuses and dangers that it would lead to and cause, but also because it would be a decided backward step in attempts being made for the prevention of crimes."

\* \* \* \* \*

(3) "It is inadvisable to legalize gambling, and thereby encourage the gambling element of the citizens of this State and neighboring states to establish themselves."

\* \* \* \* \*

(4) "I would oppose any statute that made it legal to engage in any form of gambling. In my opinion, it would be contrary to the public interests."

\* \* \* \* \*

(5) "I have always been opposed to gambling in any form. Usually the ones who gamble are, to a large extent, those who cannot afford to lose. Furthermore, the habit of trying to get something for nothing is one that should be discouraged. I have been the Attorney General of this state for many years and I know of a number of cases where men have embezzled or stolen money or committed robbery, because they had lost money in some gambling enterprise and were trying to recoup their losses. I have never yet had anyone show me where any good has come from this type of enterprise."

In the opinion of Attorney General George F. Barrett of Illinois regarding the constitutionality of the bill introduced in the Illinois General Assembly in 1941 to legalize handbooks he said that it would, in effect, legalize any kind of lottery, game of

chance or betting provided only that it be on a horse race held at a place where pari-mutuel bookmaking is permitted by law. The opinion stated "Lotteries have stood convicted and condemned in Illinois for the past one hundred years, and, in my opinion, such a well grounded constitutional policy may not be discarded to be replaced by a vicious scheme of gambling, which of necessity must encourage and foster the immediate and resulting evils which the drafters of our Constitution, in their wisdom, saw fit to prohibit."<sup>51</sup>

### *Examination of Arguments to Legalize and License Gambling*

Basically, almost every proposal to legalize gambling is advanced as a means of raising added revenue. And in addition to affording needed public funds, it is claimed that through a licensing system, gambling will be controlled. Even the strongest adherents of legalized gambling do not deny that public interest demands adequate control. From the time of antiquity mass gambling has been a social and economic evil with those in the lower income bracket suffering to the greatest extent. History clearly reflects however that legalized gambling as a revenue measure is incompatible with control. And the reason for this experience is a most natural and logical one. Since revenue is the principal end, it becomes expedient to issue more and more gambling licenses in order to obtain more and more revenue. And added to the desire for more revenue is the tremendous importance of gambling to political organizations and politicians. Any licensing system inevitably becomes inextricably involved in local politics. Licenses are issued or revoked on the basis of political considerations. Political expediency becomes the chief criterion in all matters affecting the administration of the licensing set-up. And the combined pressure of the desire for revenue and politics which have always been present in licensed gambling experiments naturally result in the removal of any semblance of adequate control. When gambling is legalized the number of establishments increase by leaps and bounds. Each gambling establishment serves as an advertisement which encourages people to gamble who never gambled before. And in addition to luxuriously furnished establishments which attract patrons, everyone is urged over the radio, on billboards and through newspaper advertisements to gamble. Each establishment competes with others in attempting to lure customers to his place. Mass gambling becomes inevitable. And this result is

<sup>51</sup> Veto Messages of Dwight H. Green, Governor of Illinois on Senate and House Bills Passed by the 62nd General Assembly of Illinois (1941), pages 70, 71, 72, 73.

more true of gambling than of any other activity because its appeal is an emotional one which defies all logic.

The control of liquor is much more simple than the regulation of gambling. The fact that a product is being sold rather than the fascinating chance to get "something for nothing" simplifies the problem. But even in the case of liquor the licensing system has failed to provide adequate control. In fact National prohibition was the outgrowth of an angry public resentment against the saloons which became totally discredited because of a complete breakdown of the licensing system.<sup>52</sup> As of April 30, 1949 there were 10,184 retail liquor licenses in the city of Chicago alone. In many areas liquor laws and ordinances have been completely ignored with impunity for years. The same pattern prevails in many sections of the United States.

Disregarding moral implications, commercialized prostitution and the business of gambling are analogous to the extent that both appeal to the emotions. Exhaustive scientific research has definitely established that licensing systems to control prostitution are complete failures. Ray H. Everett, Executive Secretary, Social Hygiene Society of the District of Columbia, has stated "After all the evidence is in, we may well conclude that legalized prostitution does not have a logical leg to stand on . . . good laws and vigilant enforcement may not eliminate commercialized prostitution, but they can keep it down to a minimum."<sup>53</sup> The same statement equally applies to gambling.

One of the principal reasons given by proponents of legalized gambling is that it would remove the control of gambling from the hands of organized criminals who in turn control politicians and officials of the police. It is claimed that licensing would remove criminals from the gambling racket, that gang warfare would be eliminated, and corruption would cease. Certainly no decent citizen would have ground for complaint if such worthy objectives inevitably resulted from the adoption of licensing proposals. But the mere statement that the attainment of such objectives would naturally follow the legalization of gambling is meaningless. All citizens who are honestly interested in eliminating bad crime conditions and corruption will desire to subject it to the scrutiny of careful analysis. This is particularly true since past experience with the licensing of various forms of gambling demonstrates it has never succeeded in eliminating criminal or racketeer control.

<sup>52</sup> "Toward Liquor Control"—Raymond B. Fosdick and Albert L. Scott, Harper & Brothers, New York and London, 1933, page 39.

<sup>53</sup> "Can We Regulate Prostitution?" by Ray H. Everett, *Federal Probation*, October-December 1947.

At the outset it should be obvious that the criminal element does not enter a business or an activity because it is legal or illegal or because it is licensed or unlicensed. On the contrary, the sole interest of the underworld is in the lucrative nature of the business and the opportunities presented for easy money. Gangsters have taken over control of labor unions on a local and national scale, juke boxes, liquor and night clubs. They have maintained control of large business enterprises requiring local, state and Federal licenses. Their interest may be, and frequently is, an undisclosed one. Necessary licenses are obtained in the names of persons who can meet whatever requirements the law may provide. In other instances lucrative establishments requiring licenses may be taken over in whole or in part by the simple process of "muscling in." Under such circumstances the legitimate licensee will not divulge his plight to the authorities. He feels that his life is in danger and to most people life is not to be cast aside lightly. To anyone who has the most casual understanding of how criminals operate, nothing is more absurd than the statement, frequently made, that the licensing of gambling would free the gambling business of criminals and racketeers. The business of gambling is highly lucrative. It exists for the sole purpose of exploiting a human weakness. It is the type of business that is particularly appealing to the criminal. The hoodlum element has always controlled commercial gambling in this country and there is no logical reason to support the contention that licensing would in any manner eliminate the criminal from the gambling business.

The illegal gambling empire that has existed in Chicago has been controlled by hoodlums and gangsters. It has existed only through protection. This protection cannot be effective unless it is arranged through those who are sufficiently powerful politically to afford such protection. Generally, when gambling flourishes in any locality, the protection is arranged through the ward committeeman, the alderman and the police captain. The political power of the ward, or of the city, whose approval must be secured before an illegal gambling establishment may be operated, sometimes does not appear in the picture directly. Instead, the operator of the bookie may be required to deal with some delegated hoodlum, the precinct captain of the precinct in which the gambling establishment is to operate, or with the police captain. In any event, gambling establishments practically never open without having previously arranged protection from officials capable of affording effective protection. Establishments operating for long periods of time with immunity are those with



the strongest political protection. They are usually the most elaborately equipped places with powerful criminal affiliations.

Under proposed schemes to license gambling, the administration of the licensing laws would, as a practical matter, be in the hands of the same politicians who have had strong affiliations with the gangster element that has been in control of gambling in Chicago. It is illogical to assume that the mere enactment of licensing laws would or could dissolve these affiliations of long standing or change the character of the gambling house proprietor in any respect. In practice, the same politician who arranges protection for illegal gambling establishments will approve or disapprove licenses in his district. It is incredible to assume that a political power who has afforded protection for a hoodlum to operate an illegal gambling establishment would, upon the enactment of licensing laws, deny the same individual or his representative a license to operate legally.

What effect, for example, would licensing have on powerful figures in the gambling underworld such as Jack Guzik. Guzik was reputedly the business manager of the Capone syndicate in its hey-day. In recent years, Guzik, Hymie Levin and others have been among the most influential figures in gambling operations in Chicago and Cook County. Guzik's close connections with ward committeemen, aldermen and police are well known. Several years ago newspapers, reporting a wedding in Guzik's family, mentioned the names of two aldermen, a police captain, Ralph Capone and others as guests attending the social event.<sup>54</sup> At the present time Guzik maintains very friendly relations with powerful ward committeemen who control districts in which syndicate gambling establishments have always flourished. Within a few hundred yards of the Central Police Station, a brother of Jack Guzik operated a bookie for about fifteen years with a minimum of interference from the police. He is well known to numerous police officers and other officials who have been seen from time to time in his presence and in his gambling establishment. Upon the legalization of gambling, the administration and enforcement of the licensing laws would be in the hands of the same officials with whom Guzik has maintained cordial relations for many years. Only the most naive could believe that men with the background and affiliations of Jack Guzik would cease to be in control of gambling operations merely because the license to operate became legal instead of illegal. It

<sup>54</sup> "Al Capone, The Biography of a Self-Made Man" by Fred D. Pasley, Ives Washburn, Publisher (1930), pages 70 and 71.

is true that the license might not be issued in his name but the results would be the same.

Could anyone possibly believe that John Joseph Williams, who was named by James Egan as the payoff man in the gang killing of Martin "Sonny Boy" Quirk, would have been removed from his large scale gambling operations on the south side had gambling been licensed? With the political strength he demonstrated following the 1936 elections, would his known affiliation with ex-convicts and gangsters have prevented him from obtaining a license to operate gambling establishments had they been licensed? These questions are best answered by recalling the fact that John Joseph Williams up to the time of his arrest had been operating a saloon known as the Oak Lounge on West 63rd Street in Chicago which was open day and night. A liquor license was issued for this place and it remained in force regardless of the Illinois law which requires the licensee and the manager of liquor establishments to be of good character and reputation. In fact, even though it is well known that saloons and taverns are breeding places for delinquency and crime if not properly controlled, the administration of the liquor license laws in Chicago has been totally ineffective in keeping convicts, gunmen and persons of bad reputation from actively managing such enterprises. It is further well established that frequent violations of the liquor license laws seldom result in the permanent closing of such establishments. In all but a very small percentage of cases the revoked licenses are restored within a very short period of time either by the City License Appeal Commission or by the courts.

Following the repeal of prohibition one of Al Capone's personal lieutenants operated one of the most profitable liquor establishments in the loop district of Chicago. Other Capone syndicate men were associated with him in the management of the place. Later the management was transferred to an ex-convict who has served a term in a federal penitentiary, although the liquor license was actually issued in the name of a relative. Numerous complaints over a period of years were made to the authorities without results. These complaints included charges of jack-rolling of customers, serving liquor to minors, selling liquor after closing hours, the seduction of a fifteen-year-old girl by the master-of-ceremonies and a scheme to defraud in connection with a black-market liquor transaction. It was not until action was demanded by the Chicago Crime Commission and the matter exposed to the light of public attention that the liquor license for this place was finally revoked. When the case was

appealed to the Liquor License Appeal Commission of the City of Chicago, a ward committeeman was retained as counsel for the purpose of getting the license restored. While the case was pending, some of the most influential political figures of the city and state exerted pressure on behalf of restoring the license. After the place had been closed for about two and one-half months, the license was restored and the establishment resumed operations under the same management.

Several months ago the Chicago Crime Commission investigated a complaint received from a citizen who stated that a tavern was being operated by a notorious Chicago hoodlum. Our inquiry revealed that the license was, in fact, issued to the wife of a well-known gunman with a criminal record dating back some twenty years. This hoodlum was formerly associated with some of the "big name" gangsters of Chicago. Although the license was temporarily revoked based on information developed by the Chicago Crime Commission, it was restored within a short period of time.

In another case, investigated by the Chicago Crime Commission, the manager of a tavern was determined to possess a long criminal record. He served terms in the United States Penitentiary, Leavenworth, Kansas, the penitentiary at San Quentin, California, and the Folsom, California Penitentiary. On November 14, 1944, this man was found guilty in the Municipal Court in Chicago, where he was brought on a charge of assault with a deadly weapon. He was sentenced to a term of ten days in the House of Correction. During the court proceeding the defendant admitted he was the manager of a tavern of which the liquor license had been issued in the name of his wife.

Not long ago the proprietor of a tavern shot and wounded a patron at 6:30 A. M. on a Sunday. Under the provisions of the city code, retailers of alcoholic liquor are absolutely prohibited from selling, or even giving away, any liquor at the time the shooting occurred in the tavern. In a letter recommending the revocation of the license the police captain aptly pointed out that the shooting, which might easily have resulted in a tragedy, would have been avoided if the proprietor of the tavern had observed the legal closing hour. He further stated that the tavern proprietor's illegal use of a firearm together with the illegal sale of liquor after closing hours was convincing proof that the tavern proprietor was not a fit person to hold a liquor license. Although the license was temporarily revoked, it was only a period of two months before the license was restored.

Following the murder of two police officers across the street from a wide-open gambling establishment the residents of that locality publicly expressed alarm over the laxity of the administration of the liquor license laws. A president of a prominent business association was quoted in the press as stating that efforts to curb the number of taverns which were creating so much lawlessness had met with rebuffs from the City Hall. Police officials advised that they were completely helpless in the enforcement of the liquor license laws regulating taverns since such matters are entirely controlled by the politicians.

Several notorious public enemies have managed and owned places operating under liquor licenses. Numerous other places with liquor licenses are well known hangouts for some of the thugs responsible for Chicago's reputation as a crime center. In some instances, gang killings have taken place in saloons or taverns that have served as hangouts for hoodlums and the authorities have not even troubled to attempt to revoke the liquor license issued for the place. An Annual Report of the Juvenile Protective Association rendered in the early part of 1945 stated that during the past ten years the Juvenile Protective Association had investigated thousands of retail liquor establishments in connection with their efforts on behalf of the welfare of children in the home and community life. The report states the Juvenile Protective Association "has closely observed the function of public officials connected with our liquor control administration and has had intimate contact with police officers, policewomen, juvenile officers, judges and liquor control officials in relation to liquor law enforcement. The most obvious facts throughout this long experience are the persistent, flagrant manner in which retail liquor operators have violated the law, the failure of responsible officials to adopt a policy of strict law enforcement. . . ." The reasons why the liquor license laws have been totally ineffective insofar as removing criminals from operating or managing a place requiring a license are quite obvious. Alliances of the criminal element with politicians and law enforcement officials, graft and corruption—the elements that permit illegal gambling houses to operate—likewise make it possible for hoodlums to evade the liquor license laws and to operate with impunity.

Since the administration of liquor license laws has failed completely in eliminating the criminal element from the liquor business, it would appear self-evident that attempts to remove the criminal control from the much more lucrative business of gambling would meet with little, if any, success. It is con-

ceivable that the control of gambling by notorious criminal elements would become even more secure through the protection of licensing laws. The gang warfare that has been a part of Chicago's history would not cease as long as hoodlums are in control. Instead of fighting to control illegal licenses, as in the past, the fight would be to control the issuance of legal licenses.

It is sometimes argued that the repeal of National Prohibition eliminated much lawlessness and corruption and that the legalization of gambling would have comparable results. This argument might have some force if the situations created by National Prohibition were analogous to the one growing out of the anti-gambling statutes. This of course is not true. The Federal prohibition laws attempted to regulate private morals on a nationwide basis. The government in Washington, D.C. in effect prohibited the farmer in Midnight, Mississippi or the tailor in Hibbing, Minnesota from possessing a pint of liquor. The enforcement of this prohibition was left quite largely in the hands of the local officials who were frequently unsympathetic with the law. Anti-gambling laws are primarily local in character. Other than a few Federal regulations, they were enacted by the people of each state and in some instances even provide for the exercise of local option on the part of individual communities within a state. In the case of National Prohibition, the government in Washington in effect forbade the farmer in Midnight, Mississippi from taking a drink of liquor. This constituted an attempt by the Federal government to regulate private morals and habits. The various state gambling laws in general do not regulate private morals. In some jurisdictions the laws do not forbid private or casual gaming. They prohibit only the *business* of gambling, and almost everywhere, as a practical matter, enforcement is directed exclusively at commercial and professional gaming. An individual may gamble with another person on anything. He may play cards for money or wager on the weather. But the state law does prohibit anyone from engaging in the *business* of gambling. In an effort to protect families and innocent victims, it prohibits the gambling business which exists solely for the purpose of exploiting a human weakness. And much of our legislation is directed at the same objective. The laws against prostitution and the illegal sale of narcotics on the one hand and statutes dealing with minimum wages, pure food and health on the other, all prohibit exploitation. In addition, the traditions relating to liquor and gambling are different. The prohibition of liquor on a nationwide basis was largely an American experiment. In connection

with gambling however, almost every civilized nation has at one time or another found it necessary to enact prohibitory laws.

It is frequently pointed out that the repeal of prohibition laws materially aided in reducing gang warfare. But the assumption that legalization of gambling would have a comparable effect in reducing gang warfare does not necessarily follow. There is little, if any, analogy between the liquor business and gambling operations. Prior to the unfortunate prohibition experiment, the manufacture, distribution and sale of alcoholic beverages had been recognized as a legitimate industry. In large numbers of homes, alcoholic beverages of one kind or another were regularly served with family meals or as refreshments. In order to furnish a commodity greatly in demand by large numbers of respectable people, industrialists invested huge sums of money into buildings and manufacturing plants. Legitimate products such as sugar, grain and others were purchased. Thousands of people were given gainful employment in the production of a commodity in demand by large numbers of citizens. Sales organizations were built up. Thousands of individuals were employed in the distribution of the manufactured product. Wholesale and retail outlets were established to assist the consumer in satisfying his demands. With the enactment of the prohibition laws the consumer demand for the product remained but a huge business empire built to satisfy that demand was suddenly declared illegal. A natural situation was created for the gangsters who had previously confined their activities to prostitution, gambling and similar rackets to take over the liquor business. Law violators began the manufacture of a commodity that had heretofore been considered legal. Thousands upon thousands of people were required to engage in the manufacture alone. Other thousands were needed to handle the distribution and still other thousands were required to furnish an outlet to millions of consumers crying for the product that had suddenly become outlawed. It was inevitable that large numbers of criminals should band together and organize in order to engage in the manufacture, distribution and sale of a product that suddenly could not be furnished through lawful means. Convoys manned by tough gunmen who would shoot it out with any rivals were a necessary part of the business. Territories were taken over by certain mobs and competitors were barred by force from infringing on any restricted area. Corruption and graft assumed tremendous proportions. Protection had to be bought and paid for all along the line from production and distribution through the sale and consumption

of the prohibited product. The prohibition of a commodity greatly in demand that had to be produced, distributed and sold, naturally resulted in vicious gang warfare. Had the prohibited commodity been meat, sugar or bread instead of liquor the situation would have been even more aggravated. When prohibition was repealed the lucrative gangster empire built upon the production and distribution of a commodity that was in great demand was largely liquidated. The lucrativeness that prevailed during prohibition disappeared. Gangsters were without the ability or the desire to invest money and to compete with production and distribution methods of a well established industry. The synthetic product which had been manufactured and sold by gangsters could not compete in the open market with the commodity produced and distributed by established industrial experts in the liquor business. Many hoodlums and criminals who operated illegal "speak easys" remained as the operators of taverns or cocktail lounges. Other criminals obtained licenses to operate retail liquor places and they still operate them. A smaller number of hoodlums became engaged in the brewery business. But the opportunity for huge profits disappeared. Needless to say, there was a reduction in gang warfare.

The gambling business does not consist in the manufacture or sale of a commodity. It would continue to afford immense profits to gambling house proprietors whether operating legally or illegally.<sup>55</sup> The one-sided percentage system under which all gambling establishments operate, and which could not be eliminated through legalization, makes this result inevitable. Likewise from a practical standpoint it would be impossible to regulate and control lay-off systems, wire or news services in bookies, or the swindling methods and controlled devices that are frequently employed in gambling establishments. Yet the lucrative nature of the gambling business depends in no small part on these things. Without their elimination, it is very difficult to understand upon what theory licensing of gambling would remove racketeering and resultant gang warfare.

Even if it were possible, through legalization and licensing, to eliminate criminals from the control of the gambling business, it would still fail to remove gambling as a principal source of criminality. Many respectable citizens who become addicted to gambling turn to crime in order to recoup huge losses suffered

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<sup>55</sup> An article entitled "Harold's Club" by Roger Butterfield in *Life Magazine*, October 15, 1945 reflects that Harold's Club in Reno, Nevada which is managed by a former carnival man makes the fabulous profits of between \$1,250,000 and \$1,500,000 a year under Nevada laws that permit legalized gambling.

at a roulette wheel, a crap table or a handbook. Robberies or burglaries become necessary to pay back money "borrowed" from the cash register of the employer to play some "hot tip" that failed to work out as anticipated. Gambling becomes a disease to many people that is no less easy to cure than the drug habit. Once having succumbed to the ailment many people find it necessary to steal or embezzle money to continue gambling activities. Even trusted employees with long records of service, who have suddenly become addicted to gambling, step out of character completely by committing a holdup or a burglary to stave off financial despair or disgrace. The court records are filled with such cases. On August 9, 1949, a highly respected teller of a Chicago suburb bank confessed that he had embezzled \$43,543 from his employer during the preceding eighteen months to gamble on the horse races. His first wagers were small but as his losses mounted he increased his bets until they averaged from \$200 to \$400 on each race. Much of the money he lost was poured into the coffers of handbook operators affiliated with the Capone syndicate. One beneficiary was the establishment of Rocco De Grazia, long a powerful member of the Capone organization. On August 11, 1949, the teller was sentenced in the U.S. District Court, Chicago, to a Federal Penitentiary. Prior to the time he became hopelessly involved in gambling, he enjoyed an excellent reputation and spent a quiet home life with his wife and two children. And hardly had the prison doors closed on this man before a teller of a south side Chicago bank confessed to the embezzlement of over two thousand dollars which he had squandered in neighborhood handbooks. These gambling places were also operated by men with Capone syndicate affiliations. These two cases in one community which occurred within a period of less than two weeks are merely illustrative of thousands of cases where the gambling mania has turned respectable citizens into crime and disgrace. Surety companies throughout the United States list gambling as the principal cause of their large losses arising out of embezzlement cases.<sup>56</sup> Over two decades ago Honorable Michael L. McKinley, who distinguished himself as Chief Justice of the Cook County Criminal Court and who is still an eminent member of the Cook County Bench said, "Gambling—next to poverty, the principal crime cause—has grown gigantically as a business which produces nothing but grafters, embezzlers, forgers, confidence men, pickpockets, burglars and bandits."

<sup>56</sup> "Why Honest People Steal" by Virgil W. Peterson, *The Journal of Criminal Law and Criminology*, July-August 1947.



Many years ago one of the greatest criminologists of all time, Gustav Aschaffenburg, expressed concern over gambling as a source of crime. Referring to the growth of the lottery in Italy he said "The feverish excitement with which in Italy everyone waits for the numbers to be drawn each week, is a very grave sign in the eyes of the sociologist, and, if he observes the figures of those who venture their last few coins on this hazard, he will not underestimate the temptation to dishonesty." Referring to gambling generally and to the bookmaker in particular, as a source of crime, Aschaffenburg stated "For a number of years the tendency to gamble, and the deceptive hope of winning great gains easily, have been increasing to an undesirable extent . . . In spite of all efforts, it has not been possible, up to now, to prevent the activity of the bookmakers, and the money of the poor and the youthful will continue to find its way to them. I cannot help fearing that this opens up a new and plenteous source of crime, with which we shall have to reckon in the future."<sup>57</sup>

In addition to gambling as a cause of criminal activities, we must also consider the well known fact that gambling houses inevitably draw the hoodlum element to them and they are breeding places for crime. Commercialized vice and gambling have always been the principal props of the underworld. The intrinsic character of gambling naturally attracts the criminal element. The kidnapper, the armed robber, the burglar and the thief engage in their criminal enterprises for the purpose of obtaining money without working. Gambling establishments appeal to this type of individual. Raymond B. Fosdick, an authority on police, once said "Just as yellow fever was successfully attacked by draining the swamps and morasses where it bred, so the attack on crime is, in part, at least, a matter of eliminating its breeding places. Crime develops from contact and bad environment. Every city has its vicious spots—its points of contagion — distributing their contamination over smaller or larger areas . . . The old 'red-light' districts which disgraced our cities for so many years, but which have now gradually given way before an aroused public opinion, were flagrant examples of breeding places of crime unmolested by the police. Quite apart from the conditions of immorality which they fostered, they let loose upon the community an army of pick-pockets, shop-lifters, and petty robbers, of both sexes, who found retreat and stimulation in the protected district . . . Similarly,

<sup>57</sup> "Crime and Its Repression" by Gustav Aschaffenburg, translated by Adalbert Albrecht, Little, Brown & Company, Boston (1913), pages 100-101.

gambling and pool-selling places, and the various rendezvous where narcotics are illegally obtained, are breeding grounds of crime to which the conscientious police executive will give careful attention."<sup>58</sup>

In the Annual Report of the New York Police Department for 1918, Commissioner of Police Enright of New York speaks of gambling houses as rendezvous and clearing houses for criminals. He said "Such places are invariably the headquarters of the most dangerous criminals, as the vast majority of society's enemies appear to have a passion for games of hazard, a reflection of their precarious existences, perhaps. Besides, many of the keepers of such resorts are ex-convicts and if not, then they are apt to be surrounded by such men and women and are not at all averse to financing the criminal projects of their hangers-on and the vicious parasites who flock to every gambling house to which access can be had . . . The suppression of these establishments, no matter what their disguise, is preventive police work of the highest quality."<sup>59</sup>

Angelo Patri, world-famed author and child psychologist, has recognized the detrimental influence of gambling on children. He has warned that mothers and all decent citizens must consider it their duty to drive all gambling centers out of their communities.<sup>60</sup>

Legalized gambling in the United States in the past has always increased gambling activities tremendously. We have only to review the history of legalized lotteries in this country or to examine the experience of many cities in the United States with legalized gambling of other forms to verify that statement.

Since gambling is a well recognized source of crime, it is obvious that legalization would seriously aggravate the overall crime problem.

One of the most common arguments in favor of legalization of gambling is the inherent human impulse to gamble. It is stated that since this desire to gamble is so strong, it is impossible to enforce the anti-gambling laws and, therefore, gambling should be legalized. But there are other instincts much stronger and which exist in a far greater number of people than the gambling instinct. The sex instinct, for example, is present in every normal adult. Legislation cannot and will not remove this instinct. Enlightened society, however, has found

<sup>58</sup> "American Police Systems" by Raymond B. Fosdick, The Century Company, New York (1920), page 357.

<sup>59</sup> *Ibid.*, pages 358 and 359.

<sup>60</sup> See article bearing caption "Children Should Be Protected Against Gambling Habit" by Angelo Patri, *Chicago Daily News*, November 6, 1945.

it necessary to provide laws designed to prevent the evils of promiscuity. Libertinism in the matter of sex necessarily becomes of concern to the State because of its evil effects on the home and family, and on the health and morals of the citizenry. In the interest of public welfare we have found the need to curb and control through prohibitory legislation, the strongest and most prevalent of human impulses. Laws against adultery, rape and prostitution have not entirely prevented these offenses from being committed. But the mere presence of these laws and their partial enforcement have had very salutary effects. For years Chicago was the center of one of the most notorious red light districts in the entire world. Vice resorts filled the streets of certain sections of the city.<sup>61</sup> When protests were made against deplorable conditions in the red light district, the people were told that the laws against prostitution could not be effectively enforced and that the solution to the problem was licensing.<sup>62</sup> The people of Chicago refused to accept this "easy way" out. Instead public opinion finally demanded enforcement of the vice laws and the closing of the red light district. There are few people who would deny that the citizens of Chicago benefited thereby. The sex instinct is as strong today as it was during the hey-day of Chicago's red light district. An effective enforcement of the vice laws has not eliminated all prostitutes and pimps in Chicago. But the spectacle of prostitution as a big business with political protection and corruption on a large scale does not now exist. Chicago's record, insofar as organized prostitution is concerned, will compare favorably with any city of similar size. This was not accomplished through the proposed licensing scheme but instead through effective law enforcement. The same elements that caused prostitution to flourish—political protection and corruption—have been responsible for the gambling racket in Chicago. The same elements that wiped out organized prostitution—honest and effective law enforcement—will stamp out organized gambling and the gang warfare and gang killings that go with it.

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<sup>61</sup> In 1910 Mayor Fred A. Busse was requested to survey Chicago's vice. He appointed a vice commission which estimated the women victims of prostitution at 5,000 as compared with 15,000 estimated by the Civil Service Commission a year later. See "Chicago—The History of Its Reputation" by Lloyd Lewis and Henry Justin Smith, Harcourt, Brace and Company, New York (1929), pages 343, 344.

<sup>62</sup> The Social Evil In Chicago, A Study of Existing Conditions with Recommendations by the Vice Commission of Chicago, Gunthorp-Warren Printing Company, Chicago (1911). The Vice Commission found in 1911 that the laws against prostitution were totally ignored and through public indifference had become inoperative. See pages 144, 160; the Vice Commission also found that the chief advertising medium through which prostitution was encouraged and spread was the segregated district itself. See page 78.

Many laws are difficult to enforce effectively. The number of automobile drivers who observe all traffic laws is small. The speeder who is exceeding the speed limit and who does not believe that he is endangering the lives of other people, has no feeling of moral guilt in connection with his infraction of the law. Corruption has not been uncommon in connection with the enforcement of the traffic laws. But the difficulty that attends the proper enforcement of the traffic laws has brought forth no proponents for a legalization of traffic violations. The difficulty of traffic law enforcement has not resulted in any serious recommendations that upon payment of a certain annual license fee that automobile drivers should be permitted to drive as fast as they please, pass through stop signs with impunity and to drive while under the influence of liquor. We know that even with the unpopularity of certain traffic regulations and regardless of the difficulty of their enforcement, the traffic laws do materially assist in the protection of life and property. In fact, a modern society could scarcely exist without them.

It is generally true that the more universally a law is accepted, the easier it is to enforce. However, it does not follow that difficulty of enforcement and the presence of corruption alone, present adequate reasons for legalization and licensing of the prohibited activity. If failure to enforce a law is offered as a sound reason for licensing, there have been times in Chicago's history when prostitution, racketeering, and even murder, robbery and burglary should have been licensed. The real question for decision is whether the proposed action,—in this instance the licensing of gambling,—will or will not reduce to a minimum the evils that attend the enforcement of existing prohibitory statutes without creating new ones that are even more objectionable.

The statement, frequently repeated, that everyone likes to gamble and therefore gambling should be legalized, is deserving of careful consideration in the light of the present legislative trend to protect social welfare. For instance, during the 1930s, when this country experienced one of the worst economic disasters in its history, with millions of people unemployed, and with disaster and despair hovering over the entire nation for a period of several years, one of the various factors that contributed to the catastrophe was the prevalence of "gambling" in the stock market. Innumerable people with relatively small financial means and totally unacquainted with stock market operations purchased stock on margin. Paper fortunes were quickly made and even more rapidly wiped out. On many occasions stocks and

bonds offered to the public were misrepresented. The public was incensed at the havoc that had been wrought. The President of the United States and Congress took cognizance of the evils that had been exposed. They did not meet the issue with the weak explanation that everyone likes to gamble and, therefore, no attempt should be made to declare such gambling operations illegal. On the contrary, steps were taken to remove gambling from the stock market. The Securities and Exchange Commission was established and laws with teeth in them were enacted. Now, with few exceptions, before any security can be offered for sale the underwriting company must issue a detailed prospectus setting forth complete data regarding the company whose securities are being offered for sale. This prospectus must meet with the approval of the Securities and Exchange Commission prior to the offering of any security to the public. If there is evidence that the prospectus contains false information or that the stock is fraudulent, the Securities and Exchange Commission withholds its approval. Penalties are inflicted against those responsible for dishonesty. Under federal regulations, stock under a specific value cannot be purchased on margin under any consideration. With reference to other stock, the margin that must be furnished by an investor has been constantly raised. Today no stock can be purchased unless a minimum of seventy-five per cent of the sale value is deposited by the investor. The effect has been to eliminate to a large degree "out and out" gambling from the stock market. There is little analogy between the function of the sale of stocks and bonds of a legitimate company and the sale of a chance on the spinning of a roulette wheel that is manipulated by the operator. While there have been scandalous abuses in the stock market, it has performed a most useful function in the economic history of this country. Investors, as well as the stock issuing company, have benefited. Our development into the greatest industrial nation in the world has been made possible partially through the investment of money into stocks and bonds of corporations and which permitted them to grow and expand.

From time immemorial, gambling establishments have been characterized by dishonesty. Their stock in trade has frequently consisted of fraudulent devices. They operate on a percentage basis that precludes a mutual advantage to the management and players. From sad experience we have learned that in the public interest it is necessary to eliminate, as much as possible, gambling from legitimate stock market transactions. It is difficult to reconcile a proposal to license or to legalize gambling in a racket that serves no useful function whatever, and at the same time

enact legislation to remove gambling from a business that performs a useful service to social well being. The trend in much of our legislation in recent years has been to enact laws designed to protect our social welfare by eliminating to a considerable degree the gambling element from legitimate enterprises. The soundness of this legislation is seldom questioned except in connection with the dubious business of gambling.

The fact that a person may go to a race track and wager, while it is illegal to do so in a bookie, is one of the most frequent arguments advanced by those who favor the proposal to license handbooks. In connection with this line of reasoning it should be recalled that during the agitation to legalize pari-mutuel wagering at the tracks, it was strongly contended that the handbook constituted a social and economic evil which legalized track betting would eliminate. It was asserted that the poor man, who could not afford to gamble, patronized the handbook which resulted in suffering to his family. It was claimed that by legalizing pari-mutuel wagering at the tracks, the handbook would be driven out of business and only those who could afford to lose money would patronize the tracks. This contention ignored past experience which shows that whenever any form of gambling is legalized, the illegitimate offspring of legalized gambling increases by leaps and bounds. And contrary to the assertions of the proponents of track gambling, illegal handbooks increased in number tremendously. Today many of the same forces that urged pari-mutuel track gambling as a means of eliminating the handbook evil, are contending that handbooks should be legalized in order to afford the poor man facilities to gamble comparable to those available at the race track. It is claimed that present gambling laws constitute unfair discrimination against the poor man who cannot afford to go to the race track but likes to gamble on horse races.

It would appear that if this argument is sound then the proposal should take the form of opening branch offices of the track itself. The branch offices should be equipped with pari-mutuel machines and the odds at the track and at the branch offices should be exactly the same. The branch offices would operate *only* when the track was open and running and they would be under the complete control and management of the track. This would fix the responsibility on the track management and permit identical state control which prevails at the track. Even if it were possible to perfect such a system and if through such an arrangement the hoodlum control were eliminated the problem would still remain in an aggravated form. The illegal bookies

would not be eliminated and it would merely increase the difficulties in suppressing other types of gambling which are strictly under the control of the criminal element.

It is self-evident that if the argument is sound that off-the-track betting should be permitted since race track wagering is lawful, there is no middle ground,—all gambling must be legalized. Numerically, there are perhaps as many, if not more, people who play policy as those who wager on horse races. Until a few years ago, the policy racket led both in the number of individuals participating and the total amount of money wagered annually. Those who favor slot machines, craps, poker, roulette, chuck-a-luck or some other form of gambling over horse race betting are numerous. If handbooks should be legalized because pari-mutuel wagering at race tracks is legal, then all forms of gambling must be licensed. This would be the logical and inevitable result.

It is commonplace for the same individuals who control handbooks to operate other forms of gambling games as well. Handbooks operate on the same one-sided principle that prevails in other gambling establishments. Consequently, there is no logical reason for enacting laws that legalize bookies but fail to license other gambling establishments. But the proposition that it should be lawful to wager at handbooks since pari-mutuel horse race track betting is permissible requires further analysis. This argument might have considerable weight if it is assumed (1) that gambling is an activity in which all may safely engage without restraint or without the necessity for any type of control, and, (2) that the designation by law of a specified time and place to engage in certain conduct is peculiar alone to the present gambling laws. It happens that there are numerous statutes which specify that certain types of activities may be conducted only at a designated time and place. In many states the law provides that at a specified time each year, and within a particular area, a person may hunt and kill certain types of wild game. Many who love to hunt cannot afford to travel the necessary distance, or their employment may prevent their absence from work during the hunting season. Many individuals feel no moral compunctions against hunting at times and places at variance with those prescribed by law. But if caught, these individuals must pay the penalty.

A man may legitimately engage in the sale of liquor at certain times and places. From a moral standpoint he may see no evil in its sale after legal closing hours or on days or at places prohibited by law. He is required, however, to conform with the time

and place designated by statute or suffer the penalties provided for violation of the law.

Numerous other examples could be given to show that laws frequently are enacted that recognize certain types of conduct as lawful if they conform to the time and place designated by statute but unlawful at other times and places. This, of course, does not ipso facto establish that the laws that prohibit handbooks while permitting betting at race tracks are sound. It does definitely prove, however, that the alleged inconsistencies of gambling laws in this respect are not peculiar to the gambling laws alone. It also indicates that a designation of a time and place for certain conduct does not in itself establish that a law is unreasonable, discriminatory or undesirable.

### *Resume and Conclusions*

Under the old common law gambling was unlawful when the games became an incitement to a breach of the peace constituting a nuisance, tended to immorality, affected the interests of others, or were conducted by means of cheating or by fraud. The present status of the gambling laws in the United States is well settled. "Gambling is injurious to the morals and welfare of the people, and it is not only within the scope of the state's police power to suppress gambling in all its forms, but its duty to do so."<sup>63</sup> The laws against gambling which prevail generally in the United States were not based, as frequently stated, on a Puritanical tradition which is now outmoded in the light of present social trends and attitudes. On the contrary, the anti-gambling statutes were based on the well-considered action of citizens in numerous states usually after the professional gamblers who controlled the underworld got completely out of hand. In general, those who were the most ardent advocates of rigid anti-gambling statutes in any locality were the substantial citizens and businessmen of the community. They were not moralists or reformers. They were merely interested in eliminating the widespread criminal activities of the gambling business that threatened their security and future welfare.

Any unbiased study of the history of the gambling business makes it impossible for us to ignore certain salient facts. As a business gambling is entirely parasitic. It is completely non-productive. It creates no new wealth and performs no useful service. One factor common to every legitimate commercial enterprise or profession is that it can exist only because there

<sup>63</sup> "24 *American Jurisprudence*," pages 399 and 400.



is an opportunity for a mutual advantage to the operator of the business and the patrons as a class. This is true whether the business is engaged in the manufacture, distribution or sale of a product or a service. Without this element of mutual advantage the business cannot exist. In the business of gambling, even when fraud and manipulation are absent, it still operates on a one-sided percentage basis that makes it impossible for the patrons as a class to derive any benefit. It is self-evident, that if the patrons as a class had an opportunity for any advantage, the gambling business could not survive. But the gambling house patrons are not only confronted with a one-sided house percentage. From time immemorial, the stock-in-trade of gambling houses throughout the country has consisted of fraudulent devices, various cheating schemes and manipulation.

For the most part, criminals, gangsters and swindlers have been the proprietors of gambling establishments. This is inevitable in a business that is tremendously lucrative and which exists only to exploit a human weakness. In addition, habitues of gambling houses are frequently confidence men, sharpers and cheats. This again, naturally results from the nature of the business. The commonplace presence of swindlers in gambling establishments frequently induces proprietors, who would otherwise be content to rely on the inevitable house percentage, to resort to cheating methods as a means of self-protection. Gambling houses have always been rendezvous for criminals. This again is due to the inherent nature of the business. The gambling business has also been recognized as a principal source of crime. In fact, an unusually large number of embezzlements are traceable to gambling activities. Citizens who suddenly become addicted to gambling turn to armed robberies, burglaries or thefts to recoup losses. The conclusion is inescapable that the business of gambling does not properly lend itself to legalization.

The statutes which declare that gambling is illegal are consistent in principle with other laws designed to protect social and economic welfare. Since the enactment of the Blue Sky Laws in Kansas in 1911, many states, including Illinois, have passed similar statutes. On rare occasions, patrons of those operating in violation of the Blue Sky Laws, have reaped huge profits. Likewise on rare occasions, patrons of bucket shops may benefit. But over extended periods of time, the patrons cannot profit and the various Blue Sky Laws and statutes prohibiting the operation of bucket shops are recognized as sound legislation. The identical situation is present with reference to the gambling business.

While it is clear that there is no social or economic justification for the business of gambling, nevertheless, legalization might be worthy of consideration if there was any tangible evidence to indicate this would eliminate existing evils. In an effort to determine whether the legalization of gambling would eliminate the grave abuses that now prevail, an examination was made of the rather extensive experiences in the United States with the licensing of gambling. Legalized lotteries were commonplace in the United States from Colonial times until they were abolished by various states beginning with Massachusetts and Pennsylvania in 1833 and New York in 1834. They were not abolished in Louisiana until 1892. Many of the lotteries authorized by various state legislatures to raise funds for educational institutions, public development companies and for civic improvements, started on a modest scale. Eventually the lottery business reached enormous proportions. It was largely taken over by unscrupulous promoters who were frauds and cheats of the most unsavory character. They made fortunes at the expense of the poor and needy through every type of chicanery that could be concocted in their fertile brains. Bribery of legislatures in various states was frequently resorted to by promoters. Political corruption was commonplace. It was not infrequent that promoters or agents sold the lottery tickets and then vanished with the money. As usual, illegitimate off-springs of the legalized lotteries sprung up. They further bled the poor people for whom they were principally designed. The benefactors of legalized lotteries were largely the racketeers who took over the lottery industry. The political power of the operators frequently became alarming. The frauds and social evils were so enormous that the substantial citizens of the various states determined that action was imperative. They repealed the statutes that authorized lotteries. But they did not stop there. With the evils of legalized lotteries fresh in their minds the people placed provisions in their state constitutions that were designed to make it impossible for legislatures to authorize lotteries in the future. It was this disastrous experience that formed the basis for the provision in most state constitutions forbidding legislatures to authorize lotteries or gift enterprises. An editorial in the *Christian Science Monitor* on June 1, 1945, was on solid historical ground when it said of state lotteries that "No enlightened government resorts to such schemes now. . . . They are a throwback to a type of rule that cared little or nothing for the welfare of the masses. For it is the people that pay. Those who can ill afford it are attracted by such schemes. . . . It is not the rich who suffer, but the poor."

As might be expected legalization of other forms of gambling in the United States has furnished an experience similar to that provided by lotteries. Various experiments with legalization of gambling in New Orleans met with utter failure. For several years prior to 1820, gambling activities were greatly encouraged and spread under legal sanction. The city was without an efficient police force. Adequate control over the municipal regulations enacted was absent. The abuses increased until the legislature found it necessary to enact a statute prohibiting gambling in 1820. The second experiment with legalization of gambling began in 1823. This statute limited the number of licensed gambling houses to six. Each paid an annual license fee of \$5,000.00. For a time the six gambling establishments were able to maintain a monopoly. Unlicensed houses were temporarily suppressed. Some of the licensed operators rose to tremendous political power and wealth. The inevitable result followed. The license law was extended and the fee increased to \$7500.00. The number of gambling establishments multiplied with great rapidity and the abuses, together with the rise in crime, increased proportionately. The underworld in all the Mississippi River towns, including New Orleans, was controlled by gamblers. Crime conditions were deplorable. The failure of the licensing law brought about repeal and the enactment of rigid anti-gambling statutes. Subsequent experiments with legalization of gambling in New Orleans brought identical results. The final experiment in New Orleans in 1869 is particularly noteworthy. Upon the legalization of gambling, swindlers from all over the country swarmed to New Orleans. Gambling houses were opened on all principal streets. Most of the gambling establishments even ignored the payment of the stipulated license fee but all of them paid protection money to city officials and the police. The licensing law was a colossal failure and it was repealed at the next session of the Legislature. Similar unsuccessful experiments with legalization of gambling have taken place in California, New Mexico, Arizona and other states. In practically every instance, whenever the population assumed a degree of permanency and the future of the locality appeared secure, the statutes legalizing gambling were repealed.

In Florida slot machines were legalized by the State Legislature in 1935. Two years later the law was repealed. Recent experiments with legalization of slot machines in Idaho and Montana on a limited scale have resulted in numerous abuses. The governor of Montana in 1947 publicly declared that the Montana law permitting slot machines in private clubs and legal-

ized punch boards had created the worst gambling conditions in the state for many years. He urged the repeal of the law. The governor of Idaho asked the 1949 legislature to repeal the statute of that state which permitted local communities to license slot machines on a local option basis. Several Idaho cities canceled all slot machine licenses for 1949 due to grave abuses growing out of the operation of licensed slot machines. Weekly earnings of poor people were being squandered in the slot machines and scandals arose from official corruption. In the past various experiments with legalized gambling have failed.

It is only in the state of Nevada that the general legalization of gambling prevails today. The two principal gambling centers of the state are Reno and Las Vegas. For many years Reno was controlled politically and financially by James McKay and William Graham. They owned the largest gambling establishment in Reno and the biggest one in Lake Tahoe as well. Lester Joseph Gillis, alias Baby Face Nelson, the most dangerous killer of the notorious Dillinger gang which terrorized the nation in 1934, was a close associate of Graham and McKay. After several trials, Graham and McKay were convicted in Federal Court in New York City for mail fraud involving a million dollar horse race swindling scheme. After returning from Federal prison they again became active in the legal gambling business in Reno. Las Vegas is the home of America's most fabulous gambling establishment, the Flamingo Hotel. This elaborate place was built at a cost of several million dollars by Benjamin "Bugsy" Siegel. Prior to the gang killing of Siegel on June 20, 1947, he had been the most powerful gambling boss in Las Vegas. Siegel was one of the most notorious gangsters in the United States. He was closely affiliated with the Frank Costello mob of New York. He was also connected with the Capone gang of Chicago. While in Las Vegas, Benjamin "Bugsy" Siegel was the western representative for the Capone syndicate's wire service, The Trans-American Publishing and News Service, Inc. Siegel and his gangster friends enforced their demands among the Las Vegas gamblers through strong arm and terroristic tactics. Nevada's gambling industry is designed to attract the tourist trade. The same is true of the state's lax divorce laws. Both are revenue measures. A few months ago the legislature enacted a law legalizing prostitution. Sufficient opposition was registered by local residents however to cause the governor to veto the measure. With its small population and large geographical area, the economic, social and crime problems of Nevada are

considerably different from those present in states having large metropolitan areas.<sup>64</sup>

On the whole, legalization of gambling in the United States has failed completely. Instead of eliminating abuses it increased them. In many instances the gambling business operating under the sanction of law got completely out of hand. The racketeer element obtained vast political power and wealth. In most instances the abuses under gambling license laws enacted by various states were so great that the people repealed them. Police departments that could not efficiently suppress the business of gambling when it was illegal were, if anything, even more helpless under a licensing setup. On some occasions the legalization of the business of gambling in certain metropolitan areas attracted criminals from all over the United States. Lawlessness generally prevailed on a large scale. The conclusion is inescapable that licensing of gambling has not afforded a solution to the gambling problem.

In fact, attempts to license gambling are wrong in principle. Alexis De Tocqueville in his monumental "Democracy in America" cautioned that governments "must practically teach the community day by day that wealth, fame and power are the rewards of labor, that great success stands at the utmost range of long desires, and that there is nothing lasting but what is obtained by toil." De Tocqueville also referred to fantastic notions of honor during the time of feudalism which "allowed men to enrich themselves by gambling or by war, but not by labor. . . ." The days of feudalism are happily past. Labor in America is honorable. We pride ourselves on an advanced social consciousness that will not permit business practices that are fraudulent or those which exploit the poor and the weak. Why should an exception be made with reference to the most dubious business of all,—gambling? Instead of encouraging gambling through various legalization schemes, efforts should be made through educational programs to discourage that which is the antithesis of thrift and industry. A constructive program would begin with teaching youth in the schools, churches and homes the well established fact that even in gambling houses where fraud is absent, the percentage system makes winning impossible for

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<sup>64</sup> For comparison purposes the following data is of interest: According to 1940 census figures Nevada had a population of only 110,247. It has an area of 109,821 square miles of land surface. Illinois had a population in 1940 of 7,877,167. Its area in square miles of land surface is 56,043. According to 1940 census figures the city of Chicago alone had a population about thirty-one times larger than the entire state of Nevada. The population of New Orleans was four times greater and Omaha's population was double that of the entire state of Nevada.

the habitual gambler and that poverty, hardship and crime are frequently natural products.

Based on past experience and keeping in mind the true nature of the gambling business it is evident that the usual proposals to license gambling would ultimately lead to complete failure. It should be clear that there is absolutely no justification for a license setup that would legally place the control of the gambling business in the joint hands of any local or state political machine and the parasitic professional gambling interests. It has been definitely established that the wide-open illegal gambling business with all its evils can be effectively suppressed whenever those in political authority order it suppressed and mean it, and when the subordinates, including the police, know that they mean it. Only defeatism and a loss of faith in the integrity of local government could make the people resort to further legalization experiments along the lines usually suggested.

Licensing proposals are based primarily on the contention that because of the human desire to gamble it cannot be suppressed and, therefore, it should be licensed and legalized with the people sharing in the profits instead of allowing the hoodlum element to reap all the gains. If these proposals are based on sincerity then it is clear that only one type of proposal is worthy of any consideration at all. *If* gambling is to be legalized it should be completely controlled and operated by the state with *all* the profits accruing to the people. A state agency should then be set up to operate and control the gambling business. It should be completely removed from politics. A Commissioner of Gambling should be elected directly by the people at a separate election. It is imperative, in view of the inherent nature of the gambling business with its close relationship to lawlessness and crime that only men of the highest possible integrity should be eligible to become candidates for the position. Candidates for office should carry no political party appellation. Rigid restrictions should be placed in the statute to make it impossible for anyone who holds, or has held, any political position, including that of ward committeeman, alderman or precinct captain, from having any connection with the administration of the state agency that is set up to operate the gambling business for the state. It should be illegal for any political party to endorse or actively work for the election of the Gambling Commissioner. The salary of the Commissioner of Gambling should be sufficiently great to attract the most ably qualified men in the state. He should then be empowered to select his own administrative staff. The

complete responsibility for the operation and control of the legalized gambling business throughout the state should be fixed with the Commissioner. The law should have sufficient "teeth in it" to assure that there could be no shifting of responsibility. All of the profits would go to the benefit of the people of the state. A scheme of this kind would also fail.<sup>65</sup> In the first place it would be impossible in practice to maintain an honest and efficient administration divorced from politics. Sooner or later political machines would gain control and operate state gambling for the benefit of politicians. This result would be inevitable in this country. In the second place state gambling would encourage mass gambling with its attending social and economic evils in the same manner as other forms of legal gambling. However, there is no justification whatever for the business of gambling to be legalized and permitted to operate for private profit nor is there any justification for the non-productive lucrative business of gambling being operated for the benefit of any political organization.

In many large metropolitan areas wide-spread gambling activities present troublesome problems. But a solution to the problem is not to be found in anything so simple as a correct determination of the licensing question. Licensing does not even touch the real fundamental issues involved. History clearly reflects that whenever widespread gambling activities have been present in any city lawlessness in general, and official corruption, have been commonplace. This has been true whether gambling was operated under licenses sanctioned by law or under the usual illegal system. Extensive gambling has almost always existed contemporaneously with crime, debauchery and lawlessness. Over a period of years Chicago has been the center of extensive gambling activities. But there also prevailed generally a high murder, robbery and burglary rate. Racketeering and lawlessness have frequently been commonplace. This is typical of many other cities. Conversely those cities in which low crime rates have prevailed have also been successful in preventing the business of gambling from flourishing. It is obvious that fundamental issues are much deeper than a determination of whether gambling should be licensed. The welfare and security of the society of any community depends upon the preservation of law and order. Strong, virile, progressive law enforcement agencies that are not subject to the control of the dominant

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<sup>65</sup> In a letter to the author dated January 8, 1946 the former mayor of New York City, Fiorella H. LaGuardia, stated it would require a miracle to find the men and the system which could make it workable for the state to conduct gambling establishments. With this view the author thoroughly agrees.

political organization are absolutely essential if any society is to receive adequate protection. Practically all students of the crime problem are agreed on the necessity for a strengthening of the police agencies and removing the interference of politics from their administration. Until we are ready to attack this problem and others of comparable importance which are fundamental, a discussion of legalization of gambling is actually a waste of time. Licensing of gambling is not, has not, and never will be a substitute for the proper performance of duty on the part of responsible officials. It will never be a substitute for honest, efficient law enforcement. It will never take the place of proper respect for law and order on the part of the citizens.