

Northern Kentucky, The State's Stepchild: Origins and Effects of Organized Crime*

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Oral History Project

"I believe (that this nation) is the only one where every man, at the call of the laws, would fly to the standard of the law, and would meet invasions of public order as his own personal concern."

—Thomas Jefferson¹

"Non-cooperation with evil is as much a duty as is cooperation with good."

—Gandhi²

The future Sheriff of Campbell County, George Ratterman sent me, a seventeen year old high school student in 1961, a membership for "The Committee of 500." Fifty-one years later, I will be graduating from Northern Kentucky University with a Master of Arts degree in Public History. This college and later university founded, in 1968, would not have existed in Campbell County, Kentucky without U.S. Attorney General Robert Kennedy's involvement in Northern Kentucky's reform movement. An entrenched Jewish Syndicate and Italian Mafia organized crime element was expelled from Newport, Kentucky; the largest city in the United States to have done so. This local community had changed its attitude towards the myth about organized crime. Many people in Northern Kentucky, up to that time, believed that there was a difference between a good entrepreneurial organized crime figure and the "bust-out joint"

* Editor's Note: The following article is based largely on "oral history," a type of historical narrative that is crafted primarily on first-hand personal interviews with the personalities who were present during important historical moments. Such a history is grounded firmly in the oral tradition of the culture, rather than exclusively on secondary documentation. As with memoirs, oral histories must depend on human memory and human feelings and thus are subject to all of the biases and vagaries that accompany human memory. Yet, in many cases, such memory is all that the historian has on which to build his or her historical account.

criminals. This proved to be false. The local officials were not the only ones corrupt in keeping a “hands-off” policy toward illegal gambling, prostitution and other vices committed by criminals and organized crime.³

Prominent Kentucky politicians such as Senator Alben Barkley, Vice-President under President Truman, and Governor Albert Chandler also were taking Mob payoffs. FBI Director J. Edgar Hoover was blackmailed by organized crime, over his Mob arranged successful business investments, travel perks, and fixed California, Del Mar Race Track winnings. These unsubstantiated activities as well as the rumors of his homosexuality, cross dressing, and African-American Ancestry, haunted Hoover. He acted brutally against homosexuals and African-Americans, while he was Director of the Bureau of Investigations in 1924. This agency became the FBI in 1935. But it was not until 1957 that Hoover acknowledge the existence of organized crime.⁴ By that time, the Jewish Syndicate and Italian Mafia had been entrenched for decades in Northern Kentucky.

On June 11, 1968, Northern Kentucky University was founded. Less than a week earlier, on June 5th, Senator Robert F. Kennedy, the person most responsible for the existence of Northern Kentucky University, in Campbell County, Kentucky was assassinated. This was just six years after Newport, Kentucky had become the largest city in the United States to expel an organized crime Syndicate.

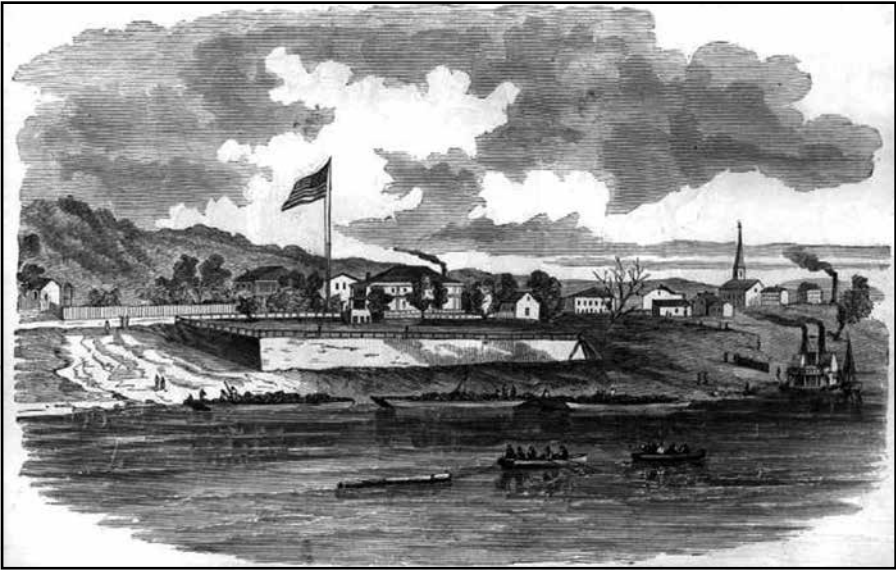
Northern Kentucky has long been considered a stepchild to the rest of Kentucky. Even our dialect is mid-western and more closely aligned with that of Southern Ohio and the Cincinnati area. This is in stark contrast to the various Southern and Appalachian dialects throughout the rest of Kentucky. The early primitive road system and the surrounding hilly terrain isolated Northern Kentucky from the rest of Kentucky. Northern Kentucky is part of the Greater Cincinnati Area, but many residents in Kentucky, Ohio and Indiana consider those who live in Northern Kentucky, sociologically beneath them. This attitude has been mostly fostered from the earlier pejorative moniker for the city of Newport: “Sin City.”⁵ (See “Cross Section U.S.A.: Sin Town,” by Monroe Fry, *Esquire Magazine*, May 1957, p. 84.)

The Wall Street Journal's rating of state governments in the October 4, 2010 issue, listed Kentucky as the worst run government of the 50 states. The survey analyzed data ranging from debt rating agencies, to unemployment trends, violent crime rate, median income, and overall government management.⁶ This article historically characterizes Kentucky Government negatively.

In my interview with Nick Clooney, he added that one of the major causes for the perceived onus that Kentucky has been and still qualifies, as one of the most corrupt states in the United States, is the designation of “wet” and “dry” counties. In one of the largest hard liquor producing states in the nation, this equivocal attitude toward alcohol fosters wide-spread criminal activity.⁷ Even with our nation’s low opinion of Kentucky, many “down-state” Kentuckians considered, just 50 years ago, Northern Kentucky even lower. We were the Yankees, gangsters, gamblers, whores, and pimps. Today, the perception of many Kentuckians, about Northern Kentucky, is not that much better. The corruption of local state and federal officials has had dire repercussions for Northern Kentucky’s past, especially, in the city of Newport. The belief held by much of the general public in Northern Kentucky that organized crime was an accepted entrepreneurial endeavor run by capitalists explains why Northern Kentucky had become a sectional pariah to the rest of the state.⁸

This essay will focus on the growth of crime bosses, organized crime, and the reformers. It will show what resulted from the “hands-off” policy in Northern Kentucky,

by corrupted local, state, and federal officials from the Prohibition Era (1919-1932), to the reform campaigns of 1959-1962, which helped to evict an entrenched Syndicate crime organization.



Newport Barracks

The city of Newport fronts the Ohio River and it lies directly across from Cincinnati, Ohio. It is located at the confluence of the Ohio and Licking Rivers in Northern Kentucky's Campbell County. The founders in 1791 named the community for the sea captain, Christopher Newport, who piloted the first settlers to Jamestown, Virginia. Newport, Kentucky was incorporated as a town in 1795. It benefited in its development in the 19th Century from its proximity to Cincinnati, a vibrant commercial center and the "Queen City" of the Midwest. In 1803, when Ohio gained statehood, a military camp, Newport Barracks, was founded in Newport on the banks of the Licking and Ohio Rivers. Newport became a "Sin" City during the Civil War, when a garrison of Union troops was established there, just across the river from Cincinnati.⁹

General Joseph Hooker, one of the Commanders of the Northern Department headquartered in Cincinnati which included Newport, was known to let wives of Union soldiers into Union camps during military campaigns and while garrisoned in Civil War camps. The wives could be with their husbands, be allowed to share the food and supplies and more importantly their Union Army pay. Prostitutes also lived around the camps; euphemistically, they were called Hooker's girls, and later it was shortened to Hookers.¹⁰ Many prostitutes came into Newport for the soldier's business. The establishment of prostitution was followed



General Joseph Hooker

Courtesy of National Archives and Records Administration

by illegal gambling casinos run by the clientele that crossed the river, just a few minutes away.

In contrast to the economic growth and cultural development which Newport could have shared with The Greater Cincinnati area, it took a sharp turn in the opposite direction, in the early twentieth century. In fact, Newport became the Midwest's "Sin City," from its identification with vice and corruption. From Prohibition until the early sixties, illegal gambling, prostitution and nude entertainment made Newport a 20th Century boomtown and Cincinnati's playground.¹¹

The passage of the 18th Amendment or Volstead Act outlawing the distribution, sale and consumption of alcohol in the United States played a key role in organizing crime in Newport; for example, Prohibition caused legal businesses, like restaurants, taverns and cafes, to become "speakeasies," or among Northern Kentuckians, they were called "tiger blinds." This not only perpetuated criminal activity, but it also greatly increased the number of establishments in a community where "vice" already existed. By selling liquor illegally, the "tiger blinds" found that it was not that difficult to offer other vice-related goods and services, like gambling and prostitution. The broad effect of a Prohibition law created a fertile ground for organized crime to foster and develop, quickly. What had been legal one day, was illegal the next.¹²

Prohibition provided the accumulation of massive sums of cash for criminal enterprises. Since most people still drank, such activity illegally allowed a surcharge to be added to the price. This so called "crime tax" covered the additional costs and risks of operating an illegal business. With the increased profits, Newport had the extra capital to invest in more vice driven enterprises.

Before Prohibition, corruption had always been present, but it was secretive and discrete. Payoffs assured that those who wished to participate in gambling, prostitution, and the other vices could, but away from the law abiding public. Under Prohibition, corruption gained a quasi-acceptance, and it soon became a tolerated part of life in the community; for example, liquor for family celebrations continued, but under Prohibition it came from the underworld, supplied by the bootlegger.¹³

Consequently, Prohibition helped to institutionalize corruption. The public wanted vice tolerated and their liquor supply to continue. Politicians in Newport, like in so many other cities, began to appear publicly with bootleggers to dispel any doubts that it would be otherwise. Open bribery and public corruption became an integral part of American politics, in general.

In Newport, not only was liquor sold illegally, but there were large-scale smuggling operations that provided beer, wine, whiskey and gin to these businesses. Small-scale production operations became a common means of supplementing income. Oral tradition has it that there were so many back-yard stills in Newport producing wine and brandy, that the smoke from these stills blocked out the sun from 1919 to 1932.¹⁴ While this is certainly an exaggeration, undoubtedly, the production of "red" (illegal moonshine) liquor was commonplace in Northern Kentucky. In the early years of Prohibition, many major Syndicates including those of Al Capone, Dutch Schultz and Meyer Lansky¹⁵ purchased some of their stock in Newport, as well as in other Kentucky locales. It is from these tiger-blinds that many gambling locations were created. In essence, massive scale gambling was organized and supported from the payoffs gained from liquor-based corruption. It was from the early local liquor Syndicates, that most of the key figures in Newport organized crime started.¹⁶

Northern Kentucky played a prominent role in bootlegging during Prohibition. One of its most successful and colorful criminals was George Remus. He was born in Germany in 1874 and moved to Chicago with his family, when he was five. His

father became disabled when he was 14, and George supported the family by working at his uncle's pharmacy and attending the Chicago College of Pharmacy. At 19, he passed the state's pharmaceutical exam and obtained a license by claiming he was 21. Two years later, he bought the pharmacy. He quickly became tired of the pharmacy business, and began to study law. He completed the three-year law course in 18 months, and he became a lawyer in 1900, at age 24.¹⁷

Remus specialized in criminal defense, especially murder. In one year, he had defended 18 people accused of murder, and he had become rather famous. By 1919, when Prohibition had become effective in many states, Remus was giving counsel to various individuals charged with violating the liquor laws. Remus immediately realized what huge profits could be made by selling liquor. He divorced his wife after he began having an affair with his beautiful and ambitious secretary, Imogene Holmes. Alcohol Prohibition started in January 1920; within a few months, Remus saw that his clients, a rather crude and uneducated group, were becoming wealthy very quickly.

He memorized the Volstead Act, that enforced Prohibition, and he found loopholes. This was so he could buy distilleries and pharmacies, in order to sell liquor himself under government licenses for medicinal purposes. He was still a licensed pharmacist.¹⁸ Most of the liquor disappeared on the way to market, because he would "hi-jack" it. He moved to Cincinnati, with his girlfriend Imogene, because 80 percent of America's bonded whiskey was produced within a 300 miles radius, and the city contained many distilleries. He bought most of America's best known whiskey manufacturers, including Fleischmann Distillery in Cincinnati. He paid \$197,000 for it, and it came with 3100 gallons of whiskey already made.¹⁹

Remus ran his business from a palatial suite in the Remus Building located at Race and Pearl Streets. It contained consulting rooms, a library, and a kitchen with a chef. In less than three years, he made \$40 million (\$430 million today); his organization had as many as 3,000 loyal, well paid employees. His entire operation depended on "The Fix." He bribed hundreds of police, judges, and government officials including \$500,000 to the U.S. Attorney General Henry M. Daugherty, of President Warren Harding's Administration. He estimated that during his "heyday," he had spent over \$20,000,000 in bribes. He was quoted as saying, "Men have tried to corner the wheat market only to learn there is too much wheat in the world. I tried to corner the graft market, but there isn't enough money in the world to buy up all the public officials who demand their share of the graft."²⁰

The rumor was that Remus bribed federal agents to guard the bonded whiskey at his warehouses. He then removed the whiskey from the barrels and replaced it with water. When federal inspectors checked the warehouses, all the barrels were full. After his operations expanded to Indiana and Kentucky, he became known as the "King of the Bootleggers." Remus needed 12 lieutenants to manage the procurement, distribution and public affairs, better known as bribery. Shipments were sent out by car, truck,



*George Remus,
King of the Bootleggers*



Imogene Remus

Courtesy of Cincinnati Enquirer

and even full boxcar loads. He deposited huge sums of money into various banks. His net worth was estimated at \$70,000,000.²¹

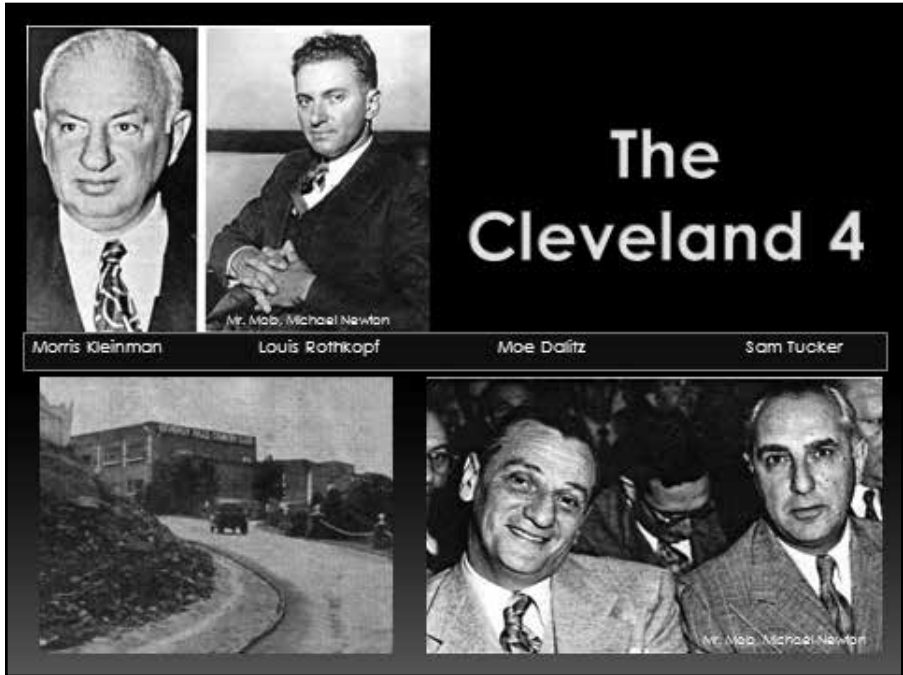
Although Bugsy Siegel is acknowledged as the founder of Las Vegas, he did it with the money Remus was able to provide. George is credited with putting Newport, Kentucky on the map. Newport became known as "Little Mexico," because law enforcement in this area of Northern Kentucky was as lax and corrupt as that of Tijuana, Mexico. Newport was famous for its nightlife and illegal gambling activities. During and after Prohibition, it was estimated that there were over 30,000 speakeasies in Cincinnati and Newport.²²

During Prohibition, however, local corruption was insufficient to maintain a criminal organization. It is in this regard that Remus differed from most of his more successful East Coast and Midwestern colleagues. While Meyer Lansky, Bugsy Siegel, Dutch Schultz, Al Capone and others had been able to neutralize, corrupt or otherwise protect themselves from Treasury Department agents, Remus ignored this area of vulnerability to his detriment. In 1922, Remus' operation was raided. He and twelve of his associates were arrested, convicted and imprisoned. But it was the associates of the Remus bootlegging operation who used the organization of corruption he created, to establish post-Prohibition gambling as the major enterprise in the open city of Newport.²³

After Remus was released from prison, he was out for revenge against his wife. One of the federal agents, who prosecuted Remus, had an affair with Remus' wife. Not only did Imogene and the agent go through Remus' money, but she sued him for divorce before he left prison. However, the day before the divorce hearing, Remus chased his wife's taxi, caught and killed her in Cincinnati's Eden Park. Because of the many benefits Remus gave to Cincinnati, the jury freed him for temporary insanity, after only 19 minutes of deliberation. Within a month, Remus was declared sane and released. His illegal liquor organization, while he was in prison, had been taken over by different groups. Remus later moved to Covington, Kentucky, and lived modestly until his death of natural causes in 1952.²⁴

Of those Syndicates operating primarily outside Newport, the most important was the Cleveland Four. It was named for the four leaders of the Jewish Syndicate: Moe Dalitz, Morris Kleinman, Louis Rothkopf and Sam Tucker. This group had a long history and widespread interests. Arguably, next to Meyer Lansky and his associates, the Cleveland Four was one of the most powerful Syndicates in the United States. In fact, it was a defining influence in the organization of crime throughout the entire 20th Century. In addition to the Ohio area, the Cleveland Syndicate was given control of Northern Kentucky, which it gained from a meeting of organized crime in Cleveland, at the Hotel Statler in 1928.²⁵

Each of the governing members of the Cleveland Four brought his own unique experiences to the organization; assumed primary responsibility for specific enterprises of the organizations; and each left his own clear mark on organized crime. Moe Dalitz was a native of Detroit. He was an early member of the "Purple Gang," a Syndicate involved in the "protection racket," strikebreaking, and bootlegging. He was a friend and mentor of the young Jimmy Hoffa, who became notoriously famous as president of the Teamsters Union. Dalitz left Detroit for Cleveland and for rum-running across Lake Erie, in 1925. Morris Kleinman was a Cleveland native, who started out running a brewery in Cleveland. He ended up supervising bootlegging for the Cleveland Four through Canada. Louis Rothkopf was also a Cleveland native, with expertise in the construction and management of stills. He played a major role as a supervisor of the Syndicate's many alcohol production facilities, both domestically and internationally. Finally, Sam Tucker was an immigrant from Lithuania who supervised the purchase,



*Morris Kleinman, Moe Dalitz, Sam Tucker – Courtesy of National Archives
Louis Rothkopf – Courtesy of Cleveland State University Library
Beverly Hills Supper Club 1949 – Courtesy of nkyviews.com*

maintenance and operation of the fleet of speed boats used by the Syndicate during Prohibition.²⁶

Closely allied with Meyer Lansky and Bugsy Siegel in New York, the Cleveland Four were bootlegging liquor from Canada and operating a nationwide distribution system. By 1930, they were partners with Lansky in several large distilling operations in both Cuba and Ohio. In the early 1930s, the Cleveland Four, just like Lansky, began establishing illegal gambling casinos in the Cleveland area as a probable post-Prohibition enterprise. By the 1950s, the Cleveland Four had joined Lansky and Siegel in Las Vegas expansion, at the world-famous Desert Inn.²⁷ At a time, when anti-Semitism was growing in Italy through Fascism, in Germany through Nazism, from the 1920s into the 1940s, America at that time was highly anti-Semitic; yet, the Jewish Syndicate was able to work a close profitable partnership in crime with the Italian Mafia. The “muscle” or “hit-men” were usually from the Italian Mafia, but in Northern Kentucky, this was not always the case. The Jewish Syndicate supplied the financial expertise, and in the late 1970s, when they became assimilated into legitimate businesses, the Jewish Syndicate disbanded. Unlike their Italian Mafia counterparts, many became extremely wealthy.²⁸

Although the Cleveland Four distributed liquor in the Newport area, their first direct move into metropolitan Cincinnati came with the contract assassination of Dutch Schultz. For those movie fans, Dustin Hoffman depicted Dutch Schultz very well, in *Billy Bathgate*. Dutch Schultz owned a race track outside of Cincinnati, named the “Coney Island Racetrack.” Within days of Schultz’s 1935 assassination in New

York, the Cleveland Four took that track over, renaming it River Downs, a track that continues to run today. Soon afterward, they purchased Latonia Park and a dog track in Florence, Kentucky, right outside Newport, which they turned into a horse track. Later, it was renamed Turfway Park, a track now owned by Keeneland Racetrack.²⁹

Even though prostitution had been well established in Newport since the Civil War, it was not until the 1930s, that prostitution became highly organized in Newport and in surrounding cities. Prostitution took many forms, some of which survive today. However, one unique aspect of prostitution in Newport was the influence of the city's system of one-way streets. Many residents of Northern Kentucky worked across the river in Cincinnati. When they went to work, they crossed the Ohio via Monmouth Street, which was a one-way thoroughfare leading into Cincinnati. To return, they used York Street, another one-way thoroughfare leading back through Newport. Some, but by no means all of the prostitution, was organized to accommodate the traffic. Many of the brothels were located where the Newport Levee area is today.

The Newport brothels, on or adjoining Monmouth Street, were called "day houses," because they were open during the morning and afternoon to accommodate travelers to Cincinnati. The brothels on or adjoining York Street were called "night houses," because they opened in the late afternoon and ran into the early evening for the travelers returning to Northern Kentucky. This allowed Newport brothels to provide easy access services for their customers. By the 1940s, there were 300 women working in the brothels of downtown Newport. This was in an area less than one-square mile.³⁰



Courtesy of nky.com

Vivian's Brothel, Newport, Kentucky

Among the largest operators of prostitution were the Bridewell brothers, who had come from Jackson County in Eastern Kentucky. While the Bridewell's operated three small casinos, all of which also offered prostitution services, their primary business was not casino gambling, but rather numerous local brothels.³¹

Not all the prostitution was centered near traffic areas. Some of the larger, more expensive brothels opened in the late afternoon; they stayed open all night for the convenience of casino patrons. Newport was a pioneer in still another type of prostitution, "Bargirls." These B-girls were dancers, waitresses, or entertainers working in the many strip clubs along Monmouth Street. B-girls were paid a percentage of the drinks they sold. They were primarily a strip club phenomenon; some of the lower stakes, "bust-out" casinos, offered similar services.

Newport brothels had an agreement with Cincinnati taxi-drivers, who brought them potential business. Any traveler or out-of-town businessman who asked about prostitution services was driven to one of the Newport brothels. In return, the cab driver received 40% of the fees charged by the brothel. There was strong competition among brothels. The taxi-drivers not only served as their advertisers, but they transported their customers. The cost in 1960 was \$1.35 for a nine-minute taxi drive

from Cincinnati. The taxis definitely played an important role in the success of the brothels. Before World War II, there were about 1,000,000 out of town visitors, who came to Newport every year.³² The Verox interview stated that often when his parents drove him to school at Newport Public High School in the 1950s, the prostitutes, trying to solicit customers, would tap on the car windows with their spoons while their car was stopped at the stop signs.³³

Credit cards were not available at that time; however, S&H Green Stamps were, and they could be used at some of the brothels. For high school students, there were specials at the whorehouses of a \$1.00 for the prostitute and \$1.00 for the madam. Many high school students from Cincinnati and Northern Kentucky took advantage of these discounts. The majority of the high school students, nevertheless, considered these gorgeous girls from all over the world, as their teachers. They were appalled at girls' treatment, by the madams and pimps.³⁴

Outside Newport, in Wilder, one of the most famous brothels in America was in operation, the Hi-De-Ho Club. It was primarily a brothel, although it did have a small casino operation as well. It was owned by James "Big Jim" Harris, the marshal of Wilder.³⁵ Marshal Harris successfully operated the Hi-De-Ho Club until 1951, when State Police raided it.

Under Kentucky Law, in incorporated cities like Newport, the State Police had no jurisdiction unless they were invited by local police. Wilder was an unincorporated municipality, and the State Police could act there uninvited. The raid was provoked by two factors: The Hi-De-Ho Club was taking gambling business away from the Cleveland Four's Latin Quarter; and the Syndicate was busily lobbying their supporters in Frankfort, for relief. In addition, the Hi-De-Ho's brothel operation was engaged in blackmail. Harris had wired the rooms and gave the prostitutes "scripts" from which they would try to elicit clients' names, addresses, wives' names, and children's names. Sometimes, after the client returned home, Harris would call and explain how embarrassing it might be for the audio tape to surface and suggesting that \$5000 would assure the destruction of the tape.³⁶ Jim Harris was indicted by a grand jury in 1955, on prostitution charges. The indictment, to a degree, was from the complaints lodged by The Cleveland Syndicate about his blackmail operation, and the continued growth of the Hi-De-Ho Club as a gambling venue. Harris had also made the mistake of trying to shake-down Cleveland Four operatives for \$10,000. They used the Grand Jury to close him down. Witnesses from the 1951 raid testified against Harris. He was represented by local attorney Charles Lester, who apparently did not take the trial very seriously. He did not appear for the trial. Harris was sentenced to three years in prison.³⁷

Prostitution Outlets in Newport 1959

Brothel	Address	Description
345 Club	345 Central Avenue	Night House, with gambling
Columbia Café	101 West Fourth Street	Night House, with gambling
Florence's	212 Columbia Street	Day House
Fourth Street Grill	Fourth and Columbia	Night House, with gambling
Frolics	Monmouth Street	Bar Girls, with gambling
Galaxie	Monmouth Street	Bar Girls, with gambling
Goldy's	28 West Second Street	Day House
Harbor Bar	201 Columbia Street	Night House, with gambling

Kitty's	30 West Second Street	Day House
Mabel's	26 West Second Street	Day House
Ray's Café	116 West Fourth Street	Brothel, open both day and night
Silver Slipper	Monmouth Street	Bar Girls, with gambling
Stardust	Monmouth Street	Bar Girls, with gambling
Stork Club	Monmouth Street	Bar Girls, with gambling
Vivian's	21 West Third Street	Night House
Wanda's	213 York Street	Day House ³⁸

One of the associates of George Remus who played an important role in the organizing of crime in Newport was Peter Schmidt. He had been a truck driver for Remus, and he was one of the twelve men arrested with Remus. When he was released from prison, Schmidt used the money he had made in bootlegging to buy a hotel on Monmouth Street, in Newport. He named it the Glenn Hotel, after his son. Initially, Schmidt sold illegal alcohol, and he had some slot machines installed. The Glenn Hotel was also a notorious hideout for organized criminals from other parts of the country, who were avoiding indictments or arrests. Dave Jerus, one of Al Capone's gunmen and one of the hit-men in the notorious "Saint Valentine's Day Massacre," hid there for a while, as did the notorious strong-arm man, Bob Zwick. Treasury agents raided The Glenn Hotel; in the raid, Schmidt shot a federal officer. He was sent to prison for another five years. However, Pete Schmidt had bigger plans for Newport. When he was released that time, Schmidt put them into effect.³⁹

Schmidt expanded the casino at the Glenn Hotel, but it was still a small-scale operation. He wanted a much bigger, more plush gambling establishment, complete with good food and entertainment, similar to Lansky's casinos in Saratoga, New York, Broward County Florida, or like the Cleveland Four's Arrowhead Club in Clermont County, Ohio. Schmidt purchased a former "tiger blind," The Old Kaintuck Inn, three miles south of Newport, in the town of Southgate. He completely renovated the building, and he renamed it The Beverly Hills Club. When it opened in April 1947, it was Newport's premier "carpet joint," a plush gambling establishment.⁴⁰

The Beverly Hills Club was a great success, but success created problems for Schmidt. One of the early visitors was Moe Dalitz, who clearly liked what he saw. He thought The Beverly Hills Club would be a nice acquisition for the Cleveland Four. Dalitz offered to buy or to take Schmidt in as a partner. Nevertheless, Pete Schmidt was neither interested in selling nor acquiring new partners. The Cleveland Four, however, were not used to being refused. In 1936, there was a fire at the Beverly Hills Club. The casino was destroyed and the niece of the caretaker was killed.⁴¹

The fire was a mystery. What is known is that another of George Remus' associates, Albert "Red" Masterson, bought several canisters of gasoline the night of the fire. Another local man, Dave Whitfield, a friend of Masterson, gave Edwin Garrison, a place to stay that same night. Garrison was a veteran of Dutch Schultz's New York gang, and he had burns on his hands and legs. Whitfield was blamed for the fire and the death of the young woman. When he was released from prison, he was hired as a casino manager in one the Cleveland Four's casinos. Red Masterson made a minor criminal career out of providing muscle work for both the Cleveland Four and Meyer Lansky's associates in Newport, for 20 years. This made a *prima facie* case for Syndicate involvement.⁴²

Death and fire, however, did not stop Peter Schmidt. In April 1937, he reopened

the facility as the Beverly Hills Country Club. Kentucky Governor Albert (Happy) Chandler, plus governors and other politicians from three states attended the opening night party. Crystal chandeliers, oak paneling, plush blue carpets and gilded gold leaf pattern wallpaper made the new Beverly Hills an even more elegant gambling place. The reconstructed club became, however, an even greater target for the Cleveland Jewish Syndicate.⁴³

In the summer 1937, a group of armed men robbed the Beverly Hills Country Club. Schmidt hired heavily armed guards, but acts of harassment continued. Schmidt even attempted to approach an organized crime group from Toledo as possible partners. This was probably to provide him with some additional protection. They had no interest in a run-in with Dalitz, Kleinman, Rothkopf and Tucker. In 1940, Charles Lester, a local attorney on retainer for the Syndicate, handled the legal sale of the Beverly Hills Country Club from Peter Schmidt to Sam Tucker. The Cleveland Four then had the "Showplace of The Nation"; in Newport, Peter Schmidt temporarily retired to his Glenn Hotel.⁴⁴

Known Illegal Casinos in Kentucky, 1920-1962

Casino	City	Years of Operation	Proprietor(s)
222 Club	Covington	1940s-1952	Melvin Clark and Steve Payne
316 Club	Newport	1940s-1955	Taylor Farley
345 Club	Newport	1930s-1950s	The Bridewells
633 Club	Newport	1930s-1961	Arthur Dennert/Levinson Brothers
Alibi Club	Newport	1940s-1955	Melvin Clark/Screw Andrews
Avenue Club	Newport	1930s-1961	Unknown
Beacon Inn	Wilder	1930s-1940s	Buck Brady
Belmont Club	Newport	1940s-1954	Unknown
Beverly Hills Country Club	Southgate	1930s-1962	Pete Schmidt/Cleveland Four
Bluegrass Inn	Newport	1940s-1961	Unknown
Club 314	Newport	1940s-1960s	Unknown
Club Alexandria	Southgate	1940s-1961	Unknown
Club Keeneland	Covington	1940s-1952	Unknown
Club Kenton	Covington	1940s-1952	Unknown
Coconut Grove	Newport	1954-1961	Melvin Clark/Screw Andrews
Congo Club	Newport	1950s-1961	Melvin Clark and Steve Payne
Copa Club	Newport	1940s-1961	Melvin Clark and Steve Payne
Dogpatch	Covington	1940s-1952	Unknown
Flamingo Club	Newport	1930s-1961	Art Dennert/Levinson Brothers
Glenn Hotel	Newport	1940s-1960	Pete Schmidt
Glenn Rendezvous	Newport	1940s-1960	Pete Schmidt/Levinson Brothers
Golden Horseshoe	Wilder	1920s-1930s	Unknown
Grandview Gardens	Wilder	1940s	Unknown
Guys and Dolls	Cold Springs	1940s	Unknown
Hi-De-Ho Club	Wilder	1940s-1955	James Harris
Iroquois Club	Lexington	1940s-1960s	Unknown
Kentucky Club	Covington	1940s	Unknown

Kid Able Club	Newport	1940s-1956	The Bridewells
Latin Quarter	Wilder	1947-1961	Cleveland Four
Lookout House	Covington	1930s-1952	Jimmy Brink/Cleveland Four
Mecca Club	Newport	1940s-1950s	The Bridewells
Melbourne Country Club	Melbourne	1940s-1950s	Cleveland Four
Merchants Club	Newport	1940s-1961	Cleveland Four
Monmouth Cigar	Newport	1956-1961	Unknown
New Concept I	Louisville	1940s-1952	Unknown
New Sportsman's Club	Newport	1961-1968	Screw Andrews
Nineteen Hole	Newport	1940s-1950s	James Harris
Old Sportsman's Club	Newport	1940s-1960	Screw Andrews
Playtorium	Newport	1951-1955	Pete and Glenn Schmidt
Primrose Club	Wilder	1940s-1947	Buck Brady/Cleveland Four
Rocket Club	Newport	1940s	Melvin Clark and Steve Payne
Silver Slipper	Newport	1952-1956	James Harris/Cleveland Four
Snax Bar	Newport	1955-1961	Glenn Schmidt
Sportmans Club	Newport	1940s-1961	Steve Payne/Screw Andrews
Spotted Calf	Newport	1950s-1961	Unknown
Stardust	Newport	1956-1961	Unknown
Stork Club	Newport	1940s-1952	James Harris
Sycamore Club	Louisville	1930s-1960s	Unknown
Teddy Bear Lounge	Covington	1940s-1952	Unknown
Tin Shack	Covington	1940s-1952	Unknown
Tropicana	Newport	1960-1961	Cleveland Four/ Tito Carinci
Turf Club	Covington	1940s-1952	Unknown
Varga Club	Newport	1940s	Melvin Clark and Steve Payne
Yorkshire Club	Newport	1940s-1961	The Bermans/Cleveland Four ⁴⁵

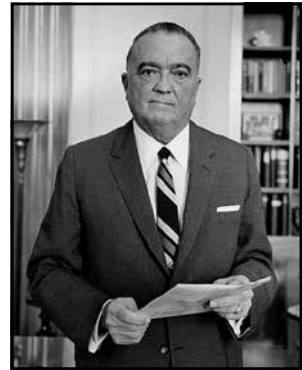
Casino gambling was not the only source of gambling profits for organized crime in Newport. It was the home of the largest numbers racket in the country. During the 1940s, Bookmaking was also a major organized crime business nationwide, and Newport became a center for organized crime "layoff" banks. A layoff bank operated as a type of insurance company for illegal bookmakers. Bookies, who had too much betting action on a particular fight, horse race, or sporting event sold some of their betting action to larger, better financed layoff banks. The layoff bank divided the risk and the profits with the bookies, for a fee or handling charge. In the early 1940s, a national betting layoff operation was established in Newport under Meyer Lansky and the New York Mob. It was located at the corner of 4th and York, and the bank covered most of the layoff action in the Midwest. The Lassoff brothers ran the operation under the name, Bobben Realty Company.⁴⁶

Screw Andrews (born Frank Andriola) began his criminal career as a moonshiner in the suburbs of Cincinnati. Later, he started doing the numbers rackets, primarily in African-American neighborhoods. By the mid-1940s, with his brother, "Spider," and his nephew, Screw owned several newspaper stands and liquor stores across the river, in Newport. Through those otherwise legitimate businesses, Screw was able to expand his numbers rackets into Newport. In the late 1940s, Andrews decided to move against

African-American owned casinos in Newport. Using a well-placed bribe, Andrews was able to convince Newport police to raid Steve Payne's Sportsman's Club, May 14, 1947. In 1948, Payne was murdered, and Andrews purchased the Sportsman's Club from the Newport redevelopment authority. This club served as the headquarters for Andrew's numbers racket, the largest in the nation, and a casino operation.⁴⁷

Unlike his Jewish Syndicate counterparts, who were very careful to always pay federal income taxes on their profits and meet the requirement of the Federal Wagering Stamp Act, Screw Andrews was lax in dealing with the Treasury Department. He was convicted on tax charges. It was estimated Andrews only declared ten percent of his revenues of over 10 million a year and was sent to federal prison for six years in 1956.⁴⁸

The Syndicate could not have been able to operate in Northern Kentucky without the hands-off policy that J. Edgar Hoover and the FBI had in their non-acknowledgement of organized crime. To Hoover, many of the criminal activities were anti-communist, and they represented capitalist entrepreneurs.⁴⁹ Hoover had repeatedly and publicly ridiculed the idea of a national crime syndicate. He refused to cooperate with Senator Estes Kefauver's Committee on Organized Crime, in 1951. The New York State Police questioned this, when they discovered a conference of more than sixty Mafia dons in upstate New York, November 14, 1957. In 1959, the FBI's New York office had 400 agents investigating Communists, while there were only four agents handling organized crime. However, there are indications that Hoover had other reasons for refusing to investigate organized crime. He was friends with the columnist, Walter Winchell, who was extremely close to many gangsters, including Frank Costello; Hoover regularly spent time at clubs frequented by gangsters. He stayed free of charge at Del Webb's hotels in Las Vegas, even though Webb was known to be a partner with Bugsy Siegel and Meyer Lansky. In addition, Hoover and his Assistant Director of the FBI, Clyde Tolson, were dedicated gamblers on horse races. Since the Mob fixed the races, at the Mob controlled Del Mar Race Track owned by oil magnate Clint Murchison, the Mob ensured that Hoover won his bets, instead of bribing him directly. Clint Murchison made sure that Hoover benefited from many investments, especially in oil. Even if it turned out to be a poor investment, Murchison personally covered the loss.⁵⁰



J. Edgar Hoover

Courtesy of Library of Congress

There was even a rumor that Lansky had used pictures of Hoover and Tolson in gay relationships to blackmail them. The pictures that Lansky admitted having from hidden cameras of Hoover and Tolson in the men's room at the Mob-run Stork Club in New York City were never authenticated nor materialized from later Mob records.

There was also a strong belief that Meyer Lansky would also expose Hoover's ancestry that included his alleged grandfather's African-American heritage. This revelation in the 1920s and 1930s when Hoover became head of the Bureau of Investigation in 1924, and later the Director of the FBI in 1935 would have been devastating to him.

President Woodrow Wilson, in 1913, extended Jim Crow Laws, to federal agencies, based on the Plessey vs. Ferguson 1896 Supreme Court Decision, segregating African-Americans or mulattoes with 1/32 Black blood. If Hoover's alleged Black ancestry from his grandfather was suspected, he would not have been allowed to be a director under Federal Civil Service. Hoover proved to be one of the most vicious

American racists of the 20th Century, when he persecuted Black liberation movements, especially, Martin Luther King Jr. Less than one percent (.06) of African-Americans were FBI agents when Hoover died in 1972.⁵¹

The Syndicate and Mafia would definitely not be able to hide incriminating evidence against Hoover. Just because two men live together does not make them gay. Until DNA Testing is performed on relatives and also on Hoover's remains, there cannot be a Black ancestry determination. As for cross-dressing, there is no indication that definitive evidence has been presented. However, his net worth and its acquisition can be tracked. Hoover lived lavishly and his estate was worth over \$450,000. His antiques were way undervalued for tax purposes. In fact, when Clyde Tolson died almost three years later, his estate was worth more than \$720,000.⁵²

Even my own family was affected by Hoover's FBI files. My grandfather, a prominent opera singer who performed with Enrico Caruso, was "blacklisted" by the House Un-American Activities Committee. This was for his support of the American volunteers of the Communist-led "Abraham Lincoln Brigade" against the Fascists, in The Spanish Civil War.⁵³

Hoover said that if any community wanted to eliminate illegal gambling, they could do it within 48 hours. But he denied the existence of organized crime, which in cities as Newport controlled the gambling. This denial allowed organized crime to operate without the FBI stopping their illegal activities.

The mystery of organized crime's existence and success is really not a mystery at all. It revolves around some basic truths: organized crime, politics, the economy and American society, which are confirmed by events in Newport. The history of gambling, prostitution and organized crime in Newport, Kentucky is not very different than organized crime in the largest of American cities, such as Chicago, New York, Atlantic City or Philadelphia. There is little variance in a river town like Newport or a New York City; organized crime operates in much the same way in different places and under very different circumstances.⁵⁴

Organized crime is a profit-making business. It is a market based business in which it operates, both in terms of the way it is organized, and how it serves its customers. Newport is a classic case of crime as a business. Even the Jewish Syndicate and Italian Mafia operating in Newport separated their operations by using local managers and keeping the Syndicate leaders away from the actual delivery of illegal goods and services. Of the Cleveland Four: Moe Dalitz was in Las Vegas; Morris Kleinman was in Cleveland and then in Miami; Sam Tucker, who ran Beverly Hills Country Club for the Syndicate, after Pete Schmidt was forced out in 1940, moved in the late 1940s to Florida. Mayer Lansky and his major associates never came anywhere near Newport. Local operations, for the Cleveland Syndicate, were handled by Red Masterson, at the Merchants Club in Newport, and by Jim Brink at the Lookout House, in Covington. Local operations for the Eastern Syndicate, led by Mayer Lansky, were handled by the Levinson brothers, Mike, Ed, and "Sleep Out" Louie. They ran operations at several clubs, including the 633 Club, also called Flamingo Club.⁵⁵ According to Earl Clark, in his interview, there were about 80 employees at the Beverly Hills Country Club, but just a few decision makers.⁵⁶ Moe Dalitz could not be implicated in that operation. The farthest up the organized crime hierarchy any actual criminality could be traced would be to the local managers.

There were very practical reasons for the small size of the management in the casinos. The small size reduced the chances of being caught and prosecuted. Employees, in illegal industries, are the greatest threats to those operations; they make the best witnesses against the owners. That is why it is an organizational necessity



Courtesy of The Courier Journal

Hi-De-Ho Club



Courtesy of cincinnati.com

The Glenn Rendezvous

for organized crime to limit the number of people cognizant of their illegal operations. This is achieved mostly by employing people who only know about their own level of activity. By distancing themselves from the local operations, Syndicate leaders put regional managers in charge, who sometimes made bad decisions.⁵⁷

Organized crime succeeded in Newport because of two major reasons. First, there was a market; second, there was a community need for productive, profit-making enterprises. In Newport, organized crime provided services that the legitimate world could not or would not supply. It not only supplied jobs for community residents, but it provided supplemental income for people on fixed incomes, or who had other economic problems.⁵⁸ From 1930-1961, organized crime did one good thing; it supplied jobs for the local labor market, like waitresses, bartenders, and other related jobs. The local businesses also profited; it gave them an opportunity to compete with the nationally known chain stores.⁵⁹



Courtesy of Sonny Tuttle

The Merchants Club



Courtesy of Better Living Magazine, February, 2003

The Lookout House

Of course, organized crime also requires corruption and political influence. There is probably no city which demonstrates better than Newport the fact that organized criminals, legitimate businessmen and government officials are all equal players in a

marketplace of corruption. Looking at the entire history of vice in Newport, it would be fair to argue that, far more than gambling and prostitution, corruption was the most valuable commodity produced.

Although there were many crime figures in Newport and some were in conflict with their competitors, the small amount of violence over a 30 year span is testimony to the power of the organized crime networks in keeping the community safe. Corruption, combined with strong leadership from organized crime, also served as a vital social control. In fact, the cities, notorious for corruption, rarely experience organized crime related violence. This was certainly true in Newport.

Gambling, prostitution and other forms of vice did not happen in Newport because organized crime forced them on the community. The casinos and the brothels provided economic and social opportunities. It was only when the benefits started to wane did any type of reform become possible. As my interviews showed, the Northern Kentucky Community was open to the vices of organized crime.⁶⁰

The U.S. Senate's Kefauver Committee hearings on organized crime in 1951 held Newport up to national ridicule, by underscoring law enforcement's hear-no-evil, see-no-evil approach. When Newport Police Chief George Gugel testified, the committee counsel pointed out that "the Cincinnati papers ran advertisements as to the gambling places open for business in Newport." "I never read them," Gugel replied. How was it possible, the counsel persisted, that the police chief was "the only man in that entire vicinity who didn't know that any taxi driver could take you to a selection of five or six gambling joints." "I never ride in a cab," the chief said.⁶¹

There had been reform movements in Newport and Campbell County dating back to the 1900s, but all had failed. The county was so corrupt that for years local politicians used different definitions from the rest of the United States; for example, a "liberal" in Campbell County language is not a person known for his progressive social views, but one who is in favor of non-interference with vice and gambling. This reminded me of the "government hands-off classical liberalism" of the 19th Century. For three decades before 1961, no Campbell County Jury, convicted a gambling establishment, except when the Jewish Syndicate needed to acquire more casinos from rival competitors.⁶²

Over the years, attempts to reform Northern Kentucky were ongoing, but they were for the most part in vain. Since the 1930s, various groups and even a few local elected officials had made attempts to shut down illegal activities. However, there was not much support from the general populace, because these activities brought money to the region. Local clergymen attempted to organize several times, but there was not much support from Catholic leaders, who were much more tolerant of gambling than the Protestants. In my interview with James Hengelbrok, George Ratterman's brother-in-law and his lawyer during his scandal trial, Hengelbrok stated that the Catholic Church was not against moderate forms of gambling, such as bingo and alcohol consumption; however, they followed state laws, and Kentucky Laws made many forms of gambling illegal.⁶³

In the early 1950s, a group of ministers in Kenton County actually received some action that resulted in the closing of the Lookout House in 1952, and the Syndicate decided to keep it closed for gambling as a concession to the reformers. The "reform" movement in Campbell County at that time was totally compromised, when the Syndicate was able to get Red Masterson to head the Newport Civic Association (NCA) under the slogan of "Clean Up, Not Close Up." The NCA was a pawn of the Syndicate, and after several circus-like raids in Newport, gambling continued through most of the 1950s.⁶⁴

According to my interview, with Jack Steinman, The Committee of 500, formed in 1961 by local businessmen, convinced George Ratterman, a retired pro-football

player living in Fort Thomas, Kentucky to run for sheriff. Ratterman was angry that no prominent Catholics were in the reform movement. Acting with the Social Action Committee (SAC) formed in 1958 by the Protestant clergy, the Committee of 500 hoped to receive more active support from Catholic members using Ratterman's college football career at Notre Dame as a ploy.⁶⁵

Ratterman was born and reared in Cincinnati, in Hyde Park. He lettered in four sports at both St. Xavier High School and the University of Notre Dame. Coach Frank Leahy hailed him as "the greatest all-around athlete in the history of Notre Dame," where Ratterman quarterbacked, the 1946 national champions.

After leaving Notre Dame, following his junior year, he began a decade-long professional football career that concluded in 1956, with the Cleveland Browns. During his playing days, he pursued a law degree at night and in the off-season at various colleges. After ten years, he graduated, from the Salmon P. Chase College of Law. The then 34 year old Ratterman, living in Fort Thomas, and the father of a growing family of eventually ten children, had a dual career.

Ratterman was a color commentator for network telecasts of American Football League games, and he worked as an investment counsel, before the campaign. "I am told that if I run for sheriff, I will be the victim of all sorts of personal slanderous attacks," Ratterman said in announcing his candidacy on April 4, 1961, "But I say to our opponents, let the attacks start now, if they must. Let the battle be joined now."⁶⁶

The day after Ratterman entered the race, Tito Carinci from Mafia-run Steubenville, Ohio, a cousin to Dean Martin, president and manager of the Glenn Hotel and its Tropicana night club-casino, tried to set up a meeting with him through a mutual Cleveland-area friend, Thomas Paisley. Carinci, a former Xavier University football player and honor student, wanted Ratterman's help. He wanted to get out of the Tropicana's illegal gambling activities, be clear of the Mob, and Carinci wanted to open a restaurant in New York.

The meeting was finally arranged for May 8, 1961. Before going to the Glenn, Ratterman and Paisley met Carinci at a bar in downtown Cincinnati, where Ratterman was said to have had one drink. Later, Ratterman told his attorney James Henglebrok, he had eleven alcoholic drinks that day. After that, everything became a blur. He groggily recalled being in a bedroom, "feeling so weak that I wanted to lie down." That was followed by a commotion involving "some men in the room and a female form in a red dress and someone pulling at my clothes."⁶⁷

According to official police records, three detectives (one, Newport Detective Pat Ciafardini just happened to be in the station on his day off at 2:30 a.m.) had received a tip about prostitution at the hotel. They burst into a room, where they found Ratterman and a 26-year-old stripper named Juanita Hodges, who was better known as April Flowers, nearly undressed and in bed. The detectives, who claimed Ratterman



Courtesy of Better Living Magazine

George Ratterman



Courtesy of Better Living Magazine

*Tito Carinci and
Juanita Hodges
(a.k.a. April Flowers)*

suffled with them, wrapped him in a bedspread and took him and Ms. Flowers, who was just wearing a negligee, back to the Newport Police Station to be booked. Ratterman was booked for "breach of the peace," a misdemeanor with a \$10.00 fine.⁶⁸

As the arrest was splashed across front pages, Ratterman insisted that he had been drugged and set up. Overflow crowds went to Ratterman's trial the next week. In my interview with James Hengelbrok, Ratterman's brother-in-law, Hengelbrok revealed the strategy of the defense, that he and Committee of 500 lawyer, Henry Cook led. Because this case only had a \$10.00 fine, Kentucky Law stated a guilty decision could not be appealed. In order to exonerate Ratterman, the defense team would have to show that he had been drugged in an effort to smear his reputation. The chief prosecutor the Syndicate hired, Thomas Hirshfield was paid \$10,000, at a time when a prosecutor's legal salary was \$10,000 a year in Newport, Kentucky. Tito Carinci and Juanita Hodges (April Flowers) hired Charles Lester, a local Mob lawyer. Both lawyers tried to trick Ratterman by having the trial against Tito Carinci for breach of the peace and Juanita Hodges for prostitution proceed first. The prosecution called George Ratterman as the first witness. Afterwards, the cross examination by defense lawyer Lester tried, as Hengelbrok said, to crucify Ratterman on the stand, which they *figuratively did*. Ratterman could not plead the 5th Amendment or have his counsel represent him, since he was just a witness. The jury found Carinci and Juanita Hodges (April Flowers) not guilty.⁶⁹

At the Ratterman trial, which started May 16, 1961, Carinci and Hodges testified for the state. Hengelbrok stated that since most of his legal cases had been in Cincinnati under the Ohio legal system, he would defer to Chief Counsel Henry Cook. Hengelbrok was told that since Kentucky Law is different than Ohio Law, Hengelbrok would handle the five doctors, and Cook would handle the other witnesses and cross-examination. Hengelbrok summoned for the trial Dr. Frank Cleveland, renowned coroner and Cincinnati and Newport pathologist from the Kettering Laboratory in Cincinnati, Ohio. This was important in that Dr. Cleveland handled the tests of urine and blood taken from George Ratterman at St. Luke Hospital in Ft. Thomas at 9:30 a.m., the morning after Ratterman was booked at the Newport Police station. The police would not release Ratterman despite the fact a bondsman posted bail for Carinci and Hodges. The bondsman refused to post bail for George Ratterman, even though he owned a large house in Fort Thomas. The bond was posted by the Committee of 500 lawyer Henry Cook, 30 minutes later. The reason for holding Ratterman so long, according to Hengelbrok, was that any trace of drugs dissipates quickly in the body. Keeping Ratterman in jail without giving him bond another 30 minutes would have made drugs more difficult to detect, if he had been drugged.⁷⁰

Hengelbrok was bewildered by the first day's testimony of Dr. Cleveland. The doctor was being evasive on his answers and "froze-up." Hengelbrok went to Henry Cook and asked what he had done wrong. Cook told him to use delaying courtroom tactics. Hengelbrok used a lawyers' trick, called "read the Bible," where long extraneous legal jargon is cited, so that the defense could use up time so they could be granted a recess by Judge Joseph Rolf until the next day.

That evening at his home, Hengelbrok received a call from Dr. Cleveland stating that he did not like lawyers, and had been afraid that the defense was using him, just to make themselves look good. However, Dr. Cleveland now was convinced that the defense attorneys were trustworthy. He told Hengelbrok to ask him the next day about the test results from Ratterman's urine and blood samples. The following day Dr. Cleveland was asked on the stand about the results from Ratterman's urine and blood samples. To the delight of the prosecution, he stated that he could not find measurable drugs in the urine. Then, he clarified his statement by saying that he did

not expect to find drugs in the urine because drugs dissipate quickly in urine. When he was asked about the blood samples, Dr. Cleveland said the amount of chloral hydrate (or a "Mickey Finn"—sometimes called "knock-out-drops,"—slipped in a drink, a favorite drug of the Mob, used to incapacitate the recipient) given to George Ratterman would have killed two-thirds of the population. The reason he survived was his excellent physical condition. The amount of drugs he had ingested could have made him into a "zombie."⁷¹

The strategy of Cook and Hengelbrok was to acquit Ratterman with a surprise witness. He was a local photographer, Tom Withrow, whose family was under FBI protection at a safe-haven from the Syndicate. Withrow testified that he had been approached by Charles Lester prior to the incident about photographing it and he had initially agreed. At the last minute, Withrow had second thoughts. The photographer's story was corroborated by his wife's grandmother, Mrs. Nancy Hays, who testified that she had received several frantic calls from the Tropicana inquiring about the photographer on the night of the incident. Hengelbrok knew the case was won when Prosecutor Hirshfield asked Mrs. Hays if she belonged to the Committee of 500. Mrs. Hays said "no, I don't become involved in politics." Hirshfield asked her how she knew the telephone number and the times that the calls were made. Mrs. Hays said she wrote down the number and the time, and she had the original paper in her purse. When Hirshfield asked why she was testifying, Mrs. Hays said "I felt it was my bound and Christian duty to testify."⁷²

Because of this testimony, Thomas Hirschfield, asked for a statement from Charles Lester denying the testimony of the Withrows, or he would ask the court to dismiss the charges as a fraud on the court, and he would demand a grand jury investigation into this matter. Lester told him to do whatever he thought was right, but he would not give a statement at that time. Hirshfield rose, and as a silence fell over the courtroom, said, "I've always practiced law honestly, and never a word can be said about my integrity in court. I've known Tom Withrow for a number of years, and I'm inclined to believe his testimony . . . I'd like to move to dismiss this case." Judge Joseph Rolf looked up, then, pounding his gavel, he said, "Let the case be dismissed."⁷³ Hengelbrok said this was the only crushing decision, I have ever heard in 60 years of practice.⁷⁴ This case showed, according to James Hengelbrok, there was a myth that there were good and bad gamblers; e.g. the good gamblers, who at Beverly Hills Country Club came out with their winnings; and bad gamblers, who in a bust-out joints, were lucky to get out of the place. The community attitude changed when they saw that, no matter who you are, the Mob could go after you. The community was not safe.⁷⁵

James Sprague, Cincinnati attorney, told Hengelbrok, that while the Ratterman case was in court, the Justice Department under U.S. Attorney General Robert F. Kennedy had made a major decision to investigate a civil rights violation of George Ratterman. The consensus as to the reason Robert Kennedy chose Northern Kentucky to go after organized crime is that Kennedy was an old admirer of George Ratterman from his football playing days, and that Kennedy was interested in Newport because of Newport's prominence in the 1951 Kefauver Report.⁷⁶

According to James Hengelbrok in his interview, and from my own corroborating research, William Geoghegan, a successful Cincinnati lawyer and prominent Democrat in Ohio who had served as one of John F. Kennedy's election managers in Ohio during the 1960 Presidential Election, was very influential in Northern Kentucky's future. More importantly, he was one of three Deputy Advisors to Byron "Wizard" White, a future Supreme Court Justice, and in 1961, Assistant Attorney General, under the Attorney General Robert Kennedy.⁷⁷

Attorney General Robert Kennedy had two important agendas in 1961, James Hengelbrok said: one was investigating organized crime; the other was the prosecution of the Mob-run President of the International Brotherhood of Teamsters, "Jimmy Hoffa." Since the Hoffa investigation was ongoing, William Geoghegan told Robert Kennedy, the George Ratterman case, was ideal for going after organized crime in Newport, Kentucky for a civil rights violation and Bob Kennedy agreed.⁷⁸

William Geoghegan met Robert Kennedy, while at Harvard Law School, in 1947. They both lived about a block away from each other. Geoghegan actually met Robert Kennedy through his younger sister, Mary. She was a roommate at "Manhattanville College of The Sacred Heart," in New York City, with Robert Kennedy's sister, Jean and with his future wife, Ethel Skakel. This group dated and had many parties together, in the late 1940s. These strong friendships, developed during their college and university school days, had a profound influence on Robert Kennedy's decision to prosecute organized crime in Newport, Kentucky.⁷⁹

Robert Kennedy's career began in 1951 as a lawyer in the criminal division of the Justice Department. In 1953, he became one of the five assistants of Roy Cohn, chief legal counsel for Senator McCarthy, chairman of the Investigations Subcommittee of the Senate Committee on Government Operations. He took over Cohn's job when Senator McClellan replaced McCarthy, in 1954. In 1957, with a staff of 65, he became chief counsel of the Senate Rackets Committee, which Senator McClellan also headed. He exposed corruption in the labor unions. He became an expert on labor racketeering. In November 1957, he received the first annual award as "Outstanding Investigator of the Year," from the Society of Professional Investigators.⁸⁰

Organized crime could never have survived and developed on a large scale without the "protection of the law-enforcement agencies." This "protection" was facilitated by a police force that often ignored organized crime's existence and sometimes even supported it. On June 15, 1961, Attorney General Robert Kennedy declared, "The problem of organized crime will not really be solved as long as the attitude of the American people remains what it is; acceptance of crime and corruption, and as long as Americans are only interested in getting a bigger TV set, a bigger car, and earning an extra buck."⁸¹

Under the instructions of Robert Kennedy to Edwyn Silberling, head of a special section against organized crime, Ronald Goldfarb was sent to Northern Kentucky, the day after George Ratterman was arrested. Goldfarb was given the title of Special Assistant to the Attorney General. He initiated the federal action against criminal elements, who were later tried in federal courts for federal criminal activities and violating the civil rights of George Ratterman. Goldfarb was also given the authority to conduct grand jury investigations into foreseeable federal crimes in Kentucky. His investigations concluded with two federal grand juries operating in Lexington and Covington, Kentucky, and one in Cincinnati, Ohio. The one in Lexington was investigating the possible civil rights violation of George Ratterman. The Covington grand jury was investigating Newport federal violations, and the Cincinnati grand jury was investigating the illegal numbers rackets in Northern Kentucky, especially, the Sportsman Club run by Screw Andrews.⁸²

The investigation into the possible civil rights violations surrounding the arrest and "frame-up" of George Ratterman had some problems in Lexington and the prosecution's case was not easy. The first problem was The Civil Rights Act. Under this act,



Courtesy of Library of Congress

*Attorney General
Robert F. Kennedy*

federal prosecutors could seek indictments based on the Civil War Reconstruction statutes, dealing with civil rights violations. These particular violations were defined as depriving another person of any right protected by the United States Constitution by public officials acting under the "color of law." This means that persons committing such an act would be using the powers that have been given to them by a government agency. This definition implicated Detective Ciafardini and Attorney Charles Lester.⁸³

George Ratterman volunteered to take a lie detector examination but the findings were inconclusive. Ratterman had a genius I.Q. His answers were too long, for the machine to assimilate correctly. His next examination on the lie detector consisted of yes-no answers; he passed as not being deceptive. Also, there was a problem with the eleven drinks that Ratterman had that day. A man consuming that much alcohol was not the image of a family man that Federal Prosecutor Goldfarb wanted to portray. These party drinks could have clouded Ratterman's memory, instead of the Mickey Finn. The grand jury was not yet ready to seek indictments without further conclusive evidence.⁸⁴

Juanita Hodges (a.k.a. April Flowers) supplied the needed evidence by changing her story. She told FBI Agent Frank Staab that Carinci (and possibly Marty Bucceri, Carinci's employee at the Tropicana) had dragged Ratterman to Carinci's room at the Tropicana. They put him in bed with her. April Flowers said that Ratterman was fully clothed, a change from her earlier civil trial testimony. She also said that Attorney Charles Lester had promised her a trip to Puerto Rico, if she lied; Lester later reneged on that promise. April Flowers passed a lie detector examination.⁸⁵

On October 26, 1961, just before the November 7th election for Sheriff of Campbell County, the grand jury said there was evidence that Tito Carinci, Marty Bucceri, Charles Lester, and Detectives Ciafardini, Quitter and White conspired to violate Ratterman's civil rights. The indicted defendants were deemed by the grand jury as depriving George Ratterman of his constitutional rights.⁸⁶

Attorney General Robert Kennedy announced the indictments in Washington. The grand jury issued a harsh report. The testimony had revealed that many elected and appointed officials were receiving payoffs, for non-enforcement of the law. There was no effort on behalf of the state, county, or city attorneys to follow their sworn obligations. Neither the police nor the sheriff's department enforced laws against gambling and vice. For one of only a few times, the local media, especially the *Cincinnati Enquirer* and *Cincinnati Post*, showed the ramifications of organized crime on Northern Kentucky, revealed by these indictments. The result was to help George Ratterman in his campaign for Campbell County Sheriff.⁸⁷

To the surprise of the federal prosecution, there was a hung jury on the Ratterman case, even though the evidence was overwhelming for a conviction. The federal prosecutors decided to pursue the case against the numbers operations in Newport and Cincinnati, by prosecuting Screw Andrews and seven other defendants. Before these prosecutions, however, the election for Campbell County Sheriff ensued.⁸⁸

The electorate was motivated by the federal indictments against organized crime figures; an earlier voter deficiency for George Ratterman, turned into a 12,000 vote plus victory, with over 26,000 votes cast. Since the Committee of 500 registered as a party, according to my interview with Jack Steinman, they could have challengers at every polling place in Campbell County. At one polling place, 120 women were denied the right to vote, because they listed their addresses as bordellos that had closed over ten years earlier.⁸⁹

After the elections, the federal trial against Frank "Screw" Andrews and seven defendants started. None of the defendants testified in the trial, because they feared their criminal activity would be exposed during cross-examination, or there would be a

perjury conviction if they lied. Unlike Ratterman's Civil Rights trial, this jury returned a guilty verdict against all the defendants. The judge sentenced Screw Andrews to six years and most of the other defendants received five years. This case effectively shut down the numbers racket operations in Newport and Cincinnati.

One of the most illustrious Kentuckians was Senator and Vice-President under President Truman, Alben W. Barkley. During the presidential campaign in 1932, as Keynote Speaker at the Democratic Convention that nominated Franklin Roosevelt, Barkley called for the repeal of Prohibition. This made his speech one of the most memorable, and the Democratic platform included a repeal of Prohibition. The 21st Amendment was passed in 1933. Barkley was responsible for Congressional passage of much of Roosevelt's "New Deal" Legislation, especially, The Social Security Act.⁹⁰

When Senator Barkley's first wife Dorothy died in 1947 after a long illness with cancer, Barkley was in debt for thousands of dollars of medical expenses; his Senate salary was \$12,500. Barkley's secretary, Flo Bratten, introduced him to the Mob. She had been a friend of Red Masterson, a strong arm man for the Mob and manager of the Merchants Club, in Newport, Kentucky. Many times Mrs. Bratten and her husband would go to the race tracks with Masterson, and they stayed at his Newport, Kentucky house. A series of fundraisers were held in Northern Kentucky, for Senator and later Vice-President Barkley. In my interview, with Glenn Schmidt Jr., he talked about meeting Senator Barkley several times at the Glenn Rendezvous fundraiser. Schmidt also knew that Barkley was known to visit other gambling clubs.⁹¹ This, however, was not verified at the University of Kentucky Archives in Lexington, Kentucky. They have incomplete Barkley appointment books. Mob attorney, Sidney Korshack stated that the Mob owned Barkley. Alben W. Barkley's estate in 1956 was over \$640,000.⁹²

Albert B. (Happy) Chandler was a corrupt Kentucky politician, who had close ties to organized crime. While governor of Kentucky, Chandler stated that he supported "the right of the people to have it dirty." Chandler attended Pete Schmidt's reopening of the Beverly Hills Country Club, after a fire closed it in 1937; as long as he was paid-off by organized crime, he maintained a "hands-off" policy, toward Northern Kentucky.⁹³ In the summer 1958, for instance, *The Louisville Times* ran a series of articles about wide-open gambling in Newport. When these reports were brought to the attention of Governor A.B. (Happy) Chandler, he dismissed them with, "We have no information of the truth or falsity of his (the reporter's) statements, officially or otherwise."⁹⁴

Fidel Castro's successful Cuban Revolution, January 1, 1959, had a profound effect on Kentucky politics. Governor Chandler was alleged to have heavy investments with the Mob in Cuba. In the Democratic primary campaign against Harry Lee Waterfield, Bert Combs attacked the Chandler administration. He was especially critical of a rumor which held that Chandler had placed a two percent assessment on state employees' salaries, and he had stored the funds in a Cuban bank. This was so the funds could not be traced to the Jewish Syndicate in Havana, Cuba. Meyer Lansky, who was depicted



*Vice-President
Alben W. Barkley*



*Governor Albert B.
"Happy" Chandler*

in the *Godfather II* movie as Hyman Roth, and Moe Dalitz were personal friends of Cuban President Fulgencio Batista, who was put in office by the United States government's meddling in Cuban affairs. The United States clandestinely helped to depose the legitimately elected liberal Presidents of Cuba twice; once in 1933 and again, in 1952.⁹⁵ Kentucky Law stated that before 1992, a governor could not succeed himself. The Syndicate was allegedly going to contribute three million dollars to the campaign of Governor Chandler's 1960 hand-picked Democrat, Harry Waterfield, who was running against the reform Democrat, Bert Combs. Fidel Castro froze the money in Cuba; Combs won the Democratic primary election and the subsequent gubernatorial election.⁹⁶ Albert B. Chandler's estate in 1991 was over 1.1 million dollars.⁹⁷

When the federal government pursued the Ratterman Civil Rights Case, this vigorous federal activity convinced Governor Bert Combs that it was time for the state to move against those gamblers who were solidly entrenched in Newport and Campbell County. Finally, the turning point had been reached. Public sentiment was now on the side of law and order.

The governor ordered an investigation and he initiated removal proceedings against elected officials in Campbell County and Newport. Governor Combs charged: Sheriff, Norbert Roll; Newport Police Chief, George Gugel; Newport Detective Chief, Leroy Fredericks; and Campbell County Police Chief, Harry Stuart with neglect of duty. All defendants were found guilty.

During the hearings of the governor's removal petition in Lexington, Kentucky, a Newport madam, Hattie Jackson, reported that to keep her from testifying, Police Chief, Gugel put her in jail. Then, he opened the man-hole covers and she had to stay on a table all night because of the rats. Hattie Jackson testified that she had made weekly payoffs to Commonwealth Attorney, William Wise; Campbell County Circuit Judge, Ray Murphy; Police Chief, George Gugel; Detective, Frank Ciafardini; and individual officers on the police force. A special grand jury was convened. The grand jury returned 93 felony accounts in 17 indictments for setting up and operating gambling houses. Newport's Mayor, Ralph Mussman and City Manager Oscar Hesch were also indicted on charges of conspiracy to pervert justice as were all the elected officials, who had been removed from office. Commonwealth Attorney, Bill Wise was not indicted, but he was reprimanded for his apathetic attitude toward gambling and prostitution in Campbell County.⁹⁸

Frank Benton III was appointed temporary Commonwealth Attorney by Governor Combs. In his interview, Benton said that even though the grand jury that he advised did not indict Bill Wise and Ray Murphy, the grand jury knew that both of them were corrupt and paid by the Mob. Benton also added that he received a phone call offering him \$4,000 a week, if he would leave the Syndicate alone.⁹⁹

According to James Hengelbrok, from his sources, the Jewish Syndicate and the Italian Mafia met in Miami, Florida in late January 1962. There, they decided to take the heat-off of the upcoming Campbell County Election for Commonwealth Attorney and Circuit Judge, two critical offices that organized crime had to have to operate in Campbell County. In order to diffuse the situation in February, a convoy of limousines arrived at the gambling casinos in Newport. In two days, organized crime heads and others left for the legalized gambling city, Las Vegas, Nevada. In the fall of 1962, the Committee of 500 candidates for Commonwealth Attorney and Circuit Judge in



Governor Bert Combs

Courtesy of Kentucky Historical Society

Campbell County were elected. U.S. Attorney General, Robert Kennedy and Governor, Bert Combs had effectively expelled organized crime from Northern, Kentucky.

While researching a topic, the goal is to try see if there is correlation from past events that affect today's perceptions. *The Kentucky Enquirer* on April 13, 2012, quoted on the front page a question from Dr. Jonathan Gibraltar, one of the three finalists to become NKU's fifth president. Dr. Gibraltar asked "what are the negatives here?" The NKU search committee's answer was the Kentucky Legislature. *The Kentucky Enquirer* further stated that "NKU has complained for years about unequal funding from Frankfort. Last year, it received \$1.2 million less than Murray State University, despite 3,845 more full-time equivalent students."¹⁰⁰

One could argue that Northern Kentucky is still being penalized for its seedy past. Another example of the lingering effects of Newport's notorious past is the current proposal to place two new casinos in Northern Kentucky, if the casino bill is passed by the Kentucky Legislature. The bill implies that the people of Northern Kentucky will readily accept casinos, because of their past involvement with them. Again, this proposal embodies Northern Kentucky's perception problem.

Northern Kentucky businesses need to emphasize Kentucky heritage in their advertising. When they are hiring throughout the state, their message needs to be "We are proud to be a Kentucky business." In the same way, Northern Kentucky needs to emphasize its Kentucky pride with downstate slogans like: "Northern Kentucky University—a great place to learn! We are proud of our Kentucky heritage!" Northern Kentuckians must do away with their isolationism. They must actively pursue interaction with the rest of the state, or they will always be considered Kentucky's stepchild. In addition, there must be better cooperation with the Greater Cincinnati region, not only for federal funds, but for mutual development. The Ohio River has been a barrier far too long.

Governor Bert Combs, in 1963, elevated the status of extension colleges to the full status of "community colleges." The UK Northern Extension Center in Covington, Kentucky was founded in 1943, and it was one of the Kentucky Extension Centers, later elevated to a community college status. Governor Combs would not have allowed this community college to relocate in Campbell County, if organized crime had not been expelled from the County.¹⁰¹

Personal Interviews—Oral History Project

15 images, April 2012



Anna W. Wiley



Earl Clark



Frank Benton III



Jack Steinman



Jim Hengelbrot



Jim McFarlan



Louise Orzali



Ruby Wiley



Virginia Stenken



Wayne Dammert



William Verox



Ruth Kolkmeier, C.D.P.



Rosemary Chenue



Glenn P. Schmidt, Jr.



*Nick Clooney and
Dick Challis*

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This reference contains a concise discussion of the process of oral history. It has become the standard manual for most community and academic oral history projects

Steinman, Jack W. Interview with Richard Challis. Fort Thomas, Kentucky. June 9, 2011.

Steinman discussed his involvement with the Committee of 500 and the growth of Campbell County after organized crime was eradicated.

Stenken, Virginia L. Interview with Richard Challis. Fort Thomas, Kentucky. October 18, 2011.

Ms. Stenken recalled her early days in Newport. Her family's life was normal with emphasis on the church. She did know about Screw Andrews and the "number's racket."

"The Best and Worst Run States In America: A Survey of All Fifty." *Wall Street Journal*, October 4, 2010. <http://247wallst.com/2010/10/04/the-best-and-worst-run-states-in-america-a-survey-of-all-fifty/> (December 5, 2011).

This article was an analysis of hundreds of data dealing with government management of the states and found Kentucky as the worst run of the 50 states.

"The Press Day in Court." *Time Magazine*, March 22, 1954. <http://www.time.com/time/magazine/article/0,9171,819590,00.html> (November 3, 2011).

This article describes the difficulties *The Courier Journal* newspaper photographer had in "Syndicate-run" Newport, Kentucky; it also describes the photographer's arrest, and sham court verdicts.

United States Senate. Committee on Organized Crime in Interstate Commerce on the *Special Committee To Investigate Organized Crime In Interstate Commerce*. 82nd Cong., 1st sess. S. Res.60 and S. Res.129. Washington: GPO, 1951.

This reference includes information from the Kefauver Committee Report, about the Cleveland Mafia's exodus from Ohio to Kentucky in Campbell and Kenton Counties. It also includes eyewitness accounts of gambling and prostitution.

Verox, William A. Interview with Richard Challis. Fort Thomas, Kentucky. October 18, 2011.

Verox was very informative about his early life and seeing prostitution in Newport.

W. T. Young Library Archives, *Estate Records*, University of Kentucky, Lexington, Kentucky.

The archives contain the final estates' monetary values for the following: Alben W. Barkley, J. Edgar Hoover, Clyde Tolson, and Albert B. (Happy) Chandler.

Williams, Michael L 2008. *Sin City Kentucky: Newport Kentucky's Vice Heritage And its Illegal Extinction, 1920-1991*. M.A. thesis, University of Louisville.

An excellent legal mind shows the lingering effect of organized crime's departure from Newport. For another 21 years, the sleaze bars and prostitution would exist in Newport.

Wecker, David. "Before There Was Vegas, There Was Newport," *Cincinnati Post*, September 4, 2004, 1K.

This article contains an abbreviated account of life in Northern Kentucky when organized crime ruled.

Wiley, Alma Walker. Interview with Richard Challis. Fort Thomas, Kentucky. October 18, 2011.

Ms. Walker's early life was in Cincinnati. She and her work friends went many times to eat cheaply, lunch and dinner, at the plush Yorkshire and Glenn Schmidt's Restaurants in Newport, Kentucky.

Wiley, Ruby. Interview with Richard Challis. Fort Thomas, Kentucky. January 26, 2012.

In this informative interview, Ms. Wiley talked about neighbors making liquor; how the raids were handled at the Beverly Hills Country Club; and how the "crap" tables were converted into pool tables. She talked about the Newport streets and how her father forbade her to walk at night.