

A DARK SIDE OF DIXIE:
ILLEGAL GAMBLING IN NORTHERN KENTUCKY, 1790-2000

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INTRODUCTION

The early morning hours of May 9, 1961, proved to be a turning point in one of the most interesting political campaigns in Kentucky record and the sordid history of Newport, Kentucky. Located on the southern bank of the Ohio River directly across from Cincinnati, Ohio, the small town of Newport has both suffered and benefited from its fame as the Sin City of the upper South.¹ On that May morning, the town's competing elements of corruption and reform collided through a spectacular series of events, drawing national attention to the previously sheltered illegal gambling network that controlled the area. At 2:45 a.m. on May 9, 1961, Newport police, acting on an anonymous report of prostitution in progress, arrived at a local hotel to find sheriff's candidate George Ratterman in bed with a scantily-dressed stripper known as April Flowers. Ratterman's subsequent arrest, and the frenzied trials that followed, acted as a sort of demarcation line between the "long wicked history of Newport" and an intense struggle to eradicate the region's vice and criminal element.²

¹ Barry M. Horstman, "George Ratterman: He's the Man Who Cleaned Up Newport," *The Cincinnati Post- Online Edition*, August 12, 1999, <http://www.cincypost.com/living/1999/ratter081299.html> (accessed June 11, 2003).

² Horstman, "George Ratterman."

Ratterman served as a lightning rod for the hopes of local reformers and the hatred of area vice traders. Area citizens revered Ratterman as something of a hometown hero. A spectacular college athlete who had played professional football for a time, he returned to northern Kentucky to raise his family upon his retirement from professional sports. With his status as an upstanding citizen perceived as unshakeable in the community, area reformers approached Ratterman to act as the face of new efforts to eliminate widespread illegal gambling and prostitution in Newport. He agreed to run for Sheriff on a platform of reform, promising to drive out of Newport organized criminal gambling and local operators alike. His choice, and the series of events it triggered, did something generations of reformers before had been unable to accomplish. It brought nearly two centuries of vice and gambling to the light of national public scrutiny, signaling hope for that generation of reform-minded citizens.

Regional newspapers featured the arrests of Ratterman and Flowers in front page headlines, as Ratterman insisted he had been drugged and set up by those opposing his reform platform.³ Scientific analysis of Ratterman's blood chemistry the following day supported the assertion that

³Horstman, "George Ratterman."

someone had drugged him. This revelation led to further inquiry that identified Ratterman's behavior and resulting arrest as a badly botched set-up. This singular misstep on the part of the criminal element was the beginning of the end for widespread gambling and national crime syndicate operations in a city where previous clean-up efforts had been futile. After the scheme to discredit Ratterman backfired, voters swept him into office in a triumphant victory.

As Sheriff, Ratterman proceeded immediately to fulfill his campaign pledge to drive gambling from Newport. His office had, by this point, significant support from both local reformers and the federal government. Dozens of federal investigators lent aid to the reform effort in keeping with United States Attorney General Robert F. Kennedy's determination to eliminate organized crime. What followed Ratterman's election was a blur of raids and arrests that either closed gambling operations or persuaded the operators to abandon their diminishing profits for more lenient and lucrative locations.⁴ Within a remarkably short

⁴Christian Seifried, interview by author, Newport, KY, January 25, 2002. By many accounts, the most prominent gambling operators from the Newport market moved to Las Vegas following the reform efforts in the early 1960s. The growth of luxury hotels and the corresponding entertainment industry in Las Vegas provided ample job opportunity for those experienced casino managers, many of whom remained in the Vegas gambling scene through retirement.

few months, Newport was drastically altered. Many of the city's top officials were under indictment and the syndicated crime networks had all but disappeared, leaving only the most stubborn remnants of the vice that had long shaped the community.⁵

From its founding Newport had been plagued by a conflict between criminal elements and determined reformers. Illegal gambling and prostitution, not to mention a host of accompanying vice, political graft, and corruption, had long thrived in the riverside town thanks in part to the presence of soldiers stationed there. Not unlike other settlements along the American frontier, Newport's founders were a part of the larger westward flow into the untamed western territories. Generally willing to take risks and carve a new community from the thick wilderness of the Ohio Valley, Northern Kentucky settlers were hardy and daring. Though many would embrace the reform spirit of the age that sought to address social injustice and immorality, there was no shortage of Kentuckians eager to partake in all manner of vice. Gambling quickly emerged as a favored release from

⁵Horstman, "George Ratterman." Most notable were the plentiful strip clubs that still occupy buildings on the main streets of Newport. The most recent reform efforts in the late 1980s and into the 1990s were aimed at removing or controlling this last remaining vestige of the golden age of vice in Newport.

propriety. From the early 1790s, gambling establishments both entertained and alarmed Newport's citizens. Conflicts over the persistence of illegal gaming enterprises and law enforcement's failure to curb either their predominance or power, remained an ever-present theme in the town's development. Half-hearted attempts by early municipal authorities to enforce gaming laws were met by constant scrutiny and criticism from their constituents. This was due primarily because area citizens often found their public servants to be as rancorous and corrupt in their dealings as the criminals. Within a decade of the city's founding, city commissioners' meetings earned a reputation as "Monday night fights" for their bawdy and sometimes violent proceedings.⁶ This tendency toward political corruption and slack enforcement of the law would influence Newport's development into the nineteenth and twentieth centuries.

The 1800s saw the rise of pool halls, bookmaking, and organized prostitution, all of which persisted and flourished into the twentieth century. Nineteenth century vice prospered, due in large measure to the presence of area military posts. The pool halls and prostitutes, so

⁶C. Ray Hall, "Howling at the Moon in Newport," (*Louisville*) *Courier-Journal*, February 3, 1991.

enthusiastically supported by the troops stationed in the area, steadily gained a wider audience. Just as the rest of agrarian America became increasingly urban, neighboring Cincinnati experienced a population growth that supported the escalating popularity of gambling enterprises in Northern Kentucky. Growing numbers of civilian citizens began to engage in the consumption of vice, gradually entrenching those activities into the very fiber of the community and its history. This upward trend was aided by the population explosion in Cincinnati and a more moderate swell in Northern Kentucky, but it was also perpetuated by developing technology that marked the late nineteenth century. As new technology such as the telephone became increasingly available to the public, larger and more profitable gambling networks became feasible. By the turn of the century, wire services allowed gambling hall proprietors to take bets from a wider range of gamblers on an expanding number of sporting events, amplifying their profit potential exponentially.

By the early twentieth century, Newport, infamous for its lax enforcement of anti-gaming legislation, further cemented its reputation as a haven for criminal mischief in the wake of the prohibition amendment. Despite the earlier attempts by progressive reformers to correct the corruption

and decadence of the gilded age, significant numbers of Northern Kentuckians, like Americans across the country, embraced the excess and relaxation of public morality embodied by the Jazz Age. While acceptable manners and morals shifted in the region, overturning Victorian social propriety in favor of a more hedonistic lifestyle, criminality became acceptable as never before. As bootlegging grew increasingly profitable, prohibition produced a new breed of law breakers. Regional bootlegging producers and traffickers, modeling the systems created by larger and more urban crime rings, created sophisticated networks to evade the law, and accepting pay-offs from vice became a lucrative side income for law enforcement agencies and officers.

In the years following prohibition's repeal, the region's illegal alcohol producers and distributors capitalized on their existing networks, and on local law enforcement's willingness to compromise, in order to develop lucrative and well-orchestrated gambling operations. The growth of the illegal alcohol trade was particularly important for the region's economic survival during the difficult depression years. While legitimate commerce watched as unemployment rates soared to unprecedented levels, area citizens secured jobs in the

illicit industry, allowing many not only to weather the economic depression, but to garner wealth during the period. With the appropriate criminal infrastructure in place and the potential for significant capital gains apparent, national organized crime families began to move into northern Kentucky. By the 1940s, the developing connections with organized crime enabled Newport's gaming industry to transition from local, de-centralized control to a more organized, if not more sinister, brand of vice sale and management. At that juncture, most local gambling venue owners either left or were absorbed by the "Dixie Mafia." Though the eventual elimination of local operators was a virtual certainty once nationally syndicated crime arrived in Newport, the process was often hotly contested and bloody. In many instances, local casino management held stubbornly to their investments, reasoning that the pressure applied by the mob would abate in time in much the same way as the early reform attempts. Their perceptions proved tragically inaccurate, and violence followed. Local newspapers reported more than one Newport operator dead, having met their fate in the waters of the Ohio River wearing a "Newport Nightgown."⁷

⁷ Kentucky Attorney General John Breckinridge, interview by Hank Messick, Special Collections and Archives, Stealy Library, Northern Kentucky University; Christian Seifried, interview by author, Newport,

Despite the difficult transfer of power between local vice and organized crime, lush casinos, ragged bust-out joints, and highly organized prostitution enterprises flourished in the years following the end of prohibition.⁸ During the height of their prominence during the 1950s, illegal gambling establishments and brothels operated openly without fear of significant punishment or financial injury due to law enforcement. Flourishing in part due to the unprecedented economic prosperity and economic stability of the post-war period, Northern Kentucky's gambling establishments joined similar experiments in regional gaming in places like Miami, Florida, and Hot Springs, Arkansas, profiting wildly from the public's willingness to expend their discretionary income on luxury items as well as pastimes previously considered frivolous. They attracted the wealthy social elite and middle-class from across the region to the lavishly decorated casinos and choreographed stage shows. They also drew the

KY, January 25, 2002. As described by Seifried, a "Newport Nightgown" was reputed to be a euphemism for being bound and tied to cement blocks, then dumped in the Ohio River.

⁸ Hank Messick, *Razzle Dazzle* (Covington, KY: For the Love of Books Publishing, 1967), 46. Operations known as bust-out joints were predominantly targeted toward working-class gamblers and lacked the polish that other area casinos developed. Their games often promised large returns on small wagers, but almost always failed to deliver a win. Many games in bust-out joints were fixed to benefit the house exclusively with a 100% return for the house and, as the games were not based upon skill or performance, there was no chance for a gambler to change that outcome.

community's blue-collar workers into the bust-out joints that dependably promised quick gain but more frequently took the gambler's money. Alongside both types of gaming halls, brothels prospered.

The combined effect of gambling and prostitution was highly visible beginning in the 1930s, contributing to the growing sense that Newport's vice was an immovable presence. That presence increasingly permeated the region's culture, economy, and social and political institutions. Throughout the 1940s and 1950s, local reformers and church councils attempted unsuccessfully to curb the power of the criminal element and to force the elimination of gambling and prostitution in their town. At each attempt, they found that law enforcement, vice organizers, and local residents sympathetic to gambling interests blocked permanent reform. Despite those regular disappointments, reformers in Newport rallied time and again until they finally found a measure of success.

By the early 1950s, the report of the Senate Special Committee to Investigate Crime in Interstate Commerce provided intelligence that would later support Attorney General Robert Kennedy's efforts during the early 1960s to

undermine and eliminate the power of the mafia.⁹ More commonly known as the Kefauver Committee, the Senate Committee to Investigate Crime in Interstate Commerce did much to illuminate the existence of organized criminality and to focus national attention on the need to combat mafia operations where they existed. The nationally televised hearings intrigued the American public, forced the Federal Bureau of Investigation and its director, J. Edgar Hoover, to reevaluate its policy of denial regarding the existence of crime syndicates, and created a national atmosphere conducive to reform.

Federal pressure to address issues of corruption and organized crime led to a significant decline in the prevalence and prominence of regional gambling centers, including Northern Kentucky. That drive toward improvement on the national level coincided with renewed and redoubled efforts on the part of concerned northern Kentucky citizens to drive from the region illegal gambling, vice and corruption. Citizens of Newport, and to a lesser degree the citizens of their neighboring townships, united to form a social action group known as the Committee of 500. Led by area businessmen and church officials, supported in the

⁹ Estes Kefauver, *Crime in America* (Garden City, NY: Doubleday and Company, Inc, 1951), 219-220; Senate Committee to Investigate Organized Crime in Interstate Commerce, *The Kefauver Committee Report on Organized Crime*, 81st Cong., 2d sess., 1950, S. Rep. 2370, 48-49, 51-53.

press by an outspoken reporter for the Louisville Courier-Journal, and championed politically by Sheriff George Ratterman, reform finally stood a chance to succeed.

The convergence of those conditions, combined with the growth of new opportunity in Las Vegas by the mid-1960s, facilitated the clean-up and eventual removal of most of Newport's illegal casinos and smaller gambling operations. Though the largest share of illegal gambling left Newport for opportunity elsewhere in the wake of tremendous pressure to reform, the legacy remains as a vital characteristic of regional identity.¹⁰ This exodus of organized criminal industry was certainly not unique to Northern Kentucky. In fact, Northern Kentucky's experience contributes to the larger history of American gambling precisely because it so closely mirrors that of other regional gambling centers. Above all else, large-scale, organized gambling operations function as a business. Though isolated local owners may have clung to their casinos for emotional and economic reasons, organized criminal units remained connected to their regional investments only while those casinos proved profitable. The powerful connection between federal investigations and

¹⁰ Matthew DeMichele and Gary Potter, "Sin City Revisited: A Case Study of the Official Sanctioning of Organized Crime in an "Open City", "<http://www.policestudies.eku.edu/POTTER/International/Newport.htm> (accessed June 11, 2003), 20.

local reform efforts decreased the profitability of regional gambling centers. The expanding opportunities in Las Vegas added to their declining desirability. There organized criminals no longer had to invest millions of dollars in graft and payoffs in an effort to function. That is not to say that Las Vegas created a gambling environment free from crime; however, it did allow organized crime to maximize profits and minimize losses in a way that their regional gambling centers could not. As reasonable business investors, they consequently abandoned those regional vice and gambling enterprises, leaving those communities to sort out the meaning of that loss for their community. Newport, like Hot Springs, Arkansas, Phenix City, Alabama, and others, struggled with that transition.

The years immediately following the Ratterman scandal offered the promise of a community known for its accomplishments and progressive spirit, instead of its corruption and illegal elements. In reality, the aftermath of reform was less utopian than the Committee of 500 would have hoped. Rather than rising from the ruins of widespread illegal enterprise to achieve development and influence, the community idled and fell into a near-stagnant state. Sharing the same troubled economy that plagued much of the country during the 1970s, Northern

Kentucky tumbled into a period of economic peril and unemployment that did not deliver the utopia promised by the earlier reform effort. Instead, the period produced rising crime rates, increasing drug use and a more permissive attitude toward sex that was evidenced in the growth of strip clubs and gaudy bars that lined Monmouth and York Streets. Northern Kentucky suffered from the disillusionment and miserable economic conditions that afflicted the nation. Commercially, economically, socially, and politically the region faded into a shadow of the prominence it once held.

With its primary attractions shut down, Newport became a much less-relevant appendage of Cincinnati. Increasingly, Northern Kentucky residents found it necessary to commute across the river in order to survive. The once vibrant gambling districts simply died slow deaths. Bustling strips of commerce and gaming sat empty or were occupied by second-rate businesses. The Kentucky side of the levee became dilapidated when compared to its earlier glitz. This steady decline remained throughout the 1980s, despite the national trend toward economic improvement during the period. Northern Kentucky citizens continued to struggle against the presence of adult-entertainment venues as late as the mid-1980s.

Corresponding with the national push for conservative resurgence led by Jerry Falwell's Moral Majority and Pat Robertson's Christian Coalition, Newport's latest reform efforts sought to conquer the proponents of crime and sexual immorality in the region and to create avenues for legitimate business success. By the mid-1990s, entrepreneurs seized on nostalgia and the general population's fascination with organized crime to attempt to rejuvenate the town.¹¹

Newport stood as a representative of the interconnected gambling experiments across the country. Its connection to larger gaming trends emerges quite naturally from the linkage with organized crime. That is to say, the same type of people, if not the same exact characters, were organizing vice in Newport as in larger markets such as Chicago, Miami, and Havana. While that link to national and international activity allows for comparisons with broader trends, it is the unique experience of Newport gaming that calls for further exploration.

Throughout their recorded history, the citizens of Newport appear to have struggled to identify and to agree

¹¹ David Wecker, "Girls Gone Mild: Northern Kentucky's Gentlemen's Clubs Face the Future- and It Ain't Pretty," *Cincinnati Magazine*, October 2006, 102-107.

upon their collective character. From its foundations as a military outpost, Newport has tacitly, if not openly, welcomed prostitution and games of chance appealing to a significant portion of the population. Conversely, there co-existed in that town a segment of the citizenry who abhorred such distractions, believing them immoral and a detriment to their general goodwill. These two factions together created a conflicted community never quite able to find a balance between sin and sanctity. Newport was truly a community shaped by a culture of opposites wrestling for dominance in political, economic, social, and moral arenas.

It is reasonable to assume that, at least to some degree, Newport developed a booming vice trade because the region is geographically unique. Situated as a border town in a border state, Newport is neither categorically Southern nor Northern. As Newport was, and remains today, a small town, it retains many of the cultural aspects of rural Kentucky. Despite the existence of a small-town sensibility and socio-political structure, it was shaped by its position relative to Cincinnati. Newport residents had access to the benefits of a large city and the residents of Cincinnati benefited from Newport's proximity as well. Cincinnatians looking for entertainment without consequence frequently turned to the South, and so Newport very

accurately became described as a release-valve for the vice seekers and traders from Cincinnati.¹²

Northern Kentucky's topography and landscape also reflect the culture of opposites in its sharply rolling hills and deep valleys. That pattern of land formation acted as a key determining factor in the region's development. Prior to the construction of large-scale roadway projects and modern communication methods, those natural boundaries frequently isolated the various small Northern Kentucky communities from each other politically and socially, as well as physically. The sharply rising hills created impediments to law enforcement and provided ample camouflage for those seeking to conceal from authorities illegal operations. Demographically, the area reflected the sharp contrasts of the landscape. Most notably, the Northern Kentucky region was split sharply between Protestant and Catholic. This segregation of faiths acted to deter permanent reform until the 1960s. Only then did the two most powerful religious affiliations in the area join to fight gambling and corruption.

Nowhere was the conflicted nature of the region more evident than in its citizens' response to the presence of illegal gambling and vice. In particular, Newport area

¹² Messick, *Razzle Dazzle*, 44.

residents segregated themselves into opposing political and social groups based on their response to gambling, the criminal element and the law enforcement that enabled its perpetuation. In Newport politics, standardized national perceptions of political alignments failed to describe adequately political reality. In marked contrast to national political affiliation based upon governmental involvement in public programs, economic policy, foreign policy and domestic social issues, Newport citizens identified themselves as liberal or conservative based almost entirely on vice and reform. Not only did the citizens of Newport define their political tendencies based on their position on these issues, but they also reversed the labels commonly used to discuss political affiliation. Consequently, what would generally be considered liberal social platforms in the national political arena would define a Newport conservative. The Liberal agenda in Newport, likewise, would align nationally with conservative social movements. Newport conservatives were indeed conservative, in that they fought diligently to retain the status quo. They clung to tradition and precedent to determine appropriate application and enforcement of the law. Interestingly though, they sought to defend traditions that challenged mainstream Christianity, a usual

champion of conservative political theory and practice. Criminals were Newport conservatives.¹³ It was, in fact, the liberal reformers who represented a call for strengthened values and heightened community and personal morality. This unusual juxtaposition created a tenuous political climate that resulted in a violent clash in 1961.

The culminating events that led to the most successful attempts to clean-up Newport were dramatic. The story contains all the elements of popular fiction. The easily identifiable villains, a maligned hometown hero, graft, murder and intrigue are reminiscent of large-scale urban criminal activity. It could be a formulaic gangster movie. The fascinating history of Newport, however, holds greater depth. The Committee of 500 successfully defeated the syndicated gaming operations, effectively achieving what prior generations could not. In the process, however, they failed to create or secure community support for alternate economic venues and their apparent salvation nearly proved to be commercial suicide.¹⁴

Like many small American towns, contemporary Newport is undergoing costly attempts to revitalize its community. Despite the relative success enjoyed by the Committee of

¹³ Judge A.J. Jolly, interview by David Payne, Special Collections and Archives, Stealy Library, Northern Kentucky University.

¹⁴ DeMichele and Potter, "Sin City Revisited," 19-20.

500 in the elimination of syndicated gambling, Newport remained troubled by illegal and often unsavory business. Plagued by lingering remnants of the golden era of gambling, Newport streets continued to host strip clubs and various clubs offering the chance for patrons to place illegal bets. In an effort to create a reputation as a thriving and productive region, Newport citizens expended considerable resources in the hope of reviving legal commerce and entertainment industries. In particular, the town has focused on the levee, which lines the banks of the Kentucky side of the Ohio River, constructing a strip of relatively upscale restaurants, shops and theaters. Ironically, as Newport attempted to thrive once again in the twentieth and twenty-first centuries, it returned to its roots, drawing upon that chapter that it once found so unsavory. Renovation of Newport on the Levee has included the construction of several restaurants and clubs that harken back to the days of wide-open casino gambling. The establishments have relied upon the themes of gambling and vice and that influence is evident in the décor and atmosphere. Their grand openings have boasted attendance by a few of the infamous gamblers, showgirls, and operators of Newport's shadiest days.¹⁵

¹⁵ David Wecker, "Old Newport, New Twist: Jeff Ruby's New Place Steals

As many communities embrace riverboat gambling and other forms of casino gaming in order to create revenue and tourist industries, Northern Kentucky is again a community struggling to determine the place of gambling in its laws and its society. With the debate's growing intensity at the national level, the relevance of Newport's history and experience with gambling and corruption is evident.¹⁶ Its troubled history serves as a cautionary tale, providing insight into the relationships between gambling and associated vices, the degree to which gaming can monopolize and skew local economies, as well as the potentially corrupting influence gambling enterprises may exert on governmental agencies and regulatory bodies.

Its Feel From the Glory Days of Sin City," *Cincinnati Post*, October 9, 2002.

¹⁶ Laura Micheals, "Fighting for River Gold: Does It Matter Which State Owns the Water in a River? It Does if There's a Casino Floating on It," *Governing* 7 (May 1994): 27-28.

CHAPTER ONE

1790-1919: From "Soldiers, Bawdy Women, Gambling and Dirty Politicians" to that "Palladium of Abominations, the Gaming House"¹

Gambling and the mystique of chance saturate modern American popular culture. If the content of cinema production, music, novels, and other forms of popular expression provides a sort of representation of the common experience of the American people, then wagering money in casinos, lotteries, sports arenas, and horse tracks is an inextricable part of our national character. Gambling, and the vices of crime and corruption which historically accompany it, has affected nearly every segment of the nation. Yet, despite its universal presence, remarkably little historical scholarship appears to exist on the matter. In particular, historical interrogation of gaming in the South remains notably sparse. As legalized state lotteries and dock-side, river-boat gambling have expanded in the twentieth and twenty-first centuries, the necessity for thorough historical examination of gaming becomes clear.

¹ Claude W. Johnson, interview by Lew Wallace, Special Collections and Archives, Stealy Library, Northern Kentucky University; Charles Caldwell, *A Discourse on the Vice of Gambling, Delivered, by Appointment, to the Anti-Gambling Society of Transylvania University, November 2nd and 3rd, 1835* (Lexington, KY: J. Clarke & Co., Printers, 1835), 25.

The American colonies inherited many of the rich traditions of the Old World. Gambling practices remained embedded in the economic, social, and cultural fabric of the colonies as the colonists created a new nation. Various forms of gambling survived the cross-Atlantic transfer, and thrived in the colonies, including games of chance, sports wagering, and lotteries. Public lotteries frequently funded city, state and church construction and improvement throughout the colonial period and the early nineteenth century.² Viewed by colonists and revolutionaries primarily as a form of indirect taxation, the lotteries financed the construction of early American schools, bridges, jails, and roads in both the northern and southern colonies.³ By the late 1830s, Americans, beginning in the northern states, initiated a reform movement against the perceived dangers of lottery gambling.

Though orchestrated gaming existed in the form of lotteries, gambling also thrived in many more individualistic and unofficial forms. Games of chance and sports wagering flourished as well, particularly in the South and the West. The wealthy planter class inherited an affinity for conspicuous consumption from its British

² Ann Fabian, *Card Sharps, Dream Books, and Bucket Shops: Gambling in 19th Century America*, (Ithaca, NY: Cornell University Press, 1990), 1.

³ *Ibid.*

aristocratic roots. Throughout the antebellum period, and into the late nineteenth century, planters bet openly and often on a variety of sporting events, including cockfights and card games, but most especially on horse races. Regarded as the sport of kings, horse racing, and the generous wagering it encouraged, represented for the wealthy southerner a status symbol of great importance.⁴

Quite in contrast to the previous American tradition, a class of professional gamblers developed in the 19th century. Their reputation for wanton leisure and questionable moral fiber greatly aided the reform cause in the suppression of legal gambling.⁵ As the professional gambler, and his accompanying myth, emerged along the frontier river towns along the Mississippi and Ohio River Valleys, and on the river boats which navigated the same, he began to view recreational gambling as a possible business venture. The fluid nature of traffic on the rivers, combined with what reformers would identify as weak moral character, to produce a professional gambler whose image stood in direct opposition to the Protestant work

⁴ John C. Burnham, *Bad Habits: Drinking, Smoking, Taking Drugs, Gambling, Sexual Misbehavior, and Swearing in American History*, (New York: New York University Press, 1993), 147.

⁵ Fabian, *Card Sharps*, 2.

ethic around which the nation was ostensibly constructed.⁶ The very possibility which had historically attracted Americans to gamble, the opportunity to reap substantial profit without the drudgery of producing a product or service in exchange, proved offensive when employed professionally as an avoidance of gainful labor. Reformers pointed to gambling as both a result of weak national conscience and as a cause of personal moral decay. As that sentiment spread southward, the citizens of Vicksburg, Mississippi hanged five faro dealers in the early portion of the nineteenth century in their outrage against gamblers.⁷ Likewise, Dr. Charles Caldwell, a professor at Transylvania University in Lexington, Kentucky, presented to his students a series of forceful lectures warning that gambling represented a looming "threat to the good order of their minds."⁸ In partial response to that type of protest, state legislatures declared most forms of gambling illegal by the 1890s, though that most certainly did not eliminate private betting or illegal gaming halls.⁹

The general American repulsion against gambling would face another period of debate shortly thereafter. As the

⁶ John M. Findlay, *People of Chance: Gambling in American Society From Jamestown to Las Vegas*, (New York: Oxford University Press, 1986), 6.

⁷ Fabian, *Card Sharps*, 8.

⁸ *Ibid*, 7.

⁹ *Ibid*, 2.

nature of the American economy became increasingly reliant upon commerce and industry, and less on agriculture, the nation's business elite turned to stocks and commodities trade. Commercial speculation forced the nation once again to reevaluate its conception of gambling, as some of the most prominent of the nation's citizens attempted to separate their activity from that of the morally decrepit gambler. As those who speculated on commercial interests positioned themselves in the moral center of the financial world, their interests soon conflicted with many more rural segments of the nation. In particular, the Populist criticism of urban policy and commodities speculation affected the South and West, and placed much of those regions in a position of ideological opposition to gambling.¹⁰ There existed a number of key exceptions to those trends. In key locations across the country, vice and gambling took root and developed into established regional gambling centers, drawing bettors from surrounding areas to engage in games of chance.

Northern Kentucky has, to a significant degree, been shaped by its experience of vice and gambling. The region developed a culture of vice as it grew from the late 1700s as an isolated frontier settlement to a growing twentieth-

¹⁰ Ibid, 10.

century suburban appendage of Cincinnati, Ohio. The existence of vice in its various forms in Northern Kentucky is commonly accepted and widely documented. Without question, a combination of factors contributed to the creation of a regional atmosphere of permissiveness and established a sanctuary for the criminal element that by the twentieth century deeply embedded itself.

Newport's early history, and that of Northern Kentucky in general, was shaped by its position on the expanding southwestern frontier. Located in the dense wilderness adjacent to the Ohio River and opposite from the burgeoning city of Cincinnati, Ohio, Newport was closely linked with and largely dependent upon the establishment and growth of both Cincinnati and the forts erected to protect and defend that city and the surrounding frontier settlements.¹¹

Initially, the population of Northern Kentucky was predominantly military, and troops garrisoned at the forts there welcomed gambling and prostitution as popular diversions. Those civilians who shared the region with the garrison's troops were generally hardy risk takers who embodied the myth of the American frontiersman. A significant relationship developed between those military

¹¹ E. C. Perkins, *The Borning of a Town: Newport "Cantuckee"* (n.p.: Wendling Printing Company, 1963), 2.

outposts and a culture of criminality in the Newport area. Despite the U.S. Army's efforts to curtail the troops' involvement in the various forms of illicit entertainment, local pool halls, brothels, and race tracks flourished, in large measure, due to the presence of the military.

That tendency toward vice expanded as the region grew and Newport competed for prominence with a larger, better-established city. Cincinnati rapidly eclipsed Northern Kentucky in both population growth and economic development. As a result, Newport became increasingly dependent upon the influx of material resources from her neighbor for survival, furthering the reliance upon gambling and prostitution despite the surrounding social and moral controversy. By the close of the eighteenth century, Northern Kentucky, and Newport in particular, had relegated itself into a position it could not escape for more than 200 years. Newport was the region's Sin City that began as a rough outpost originally populated by frontiersmen and soldiers. The presence of a large garrison not only allowed for civilian populations to grow in relative safety, it also meant that Northern Kentucky never suffered a shortage of men seeking diversion. So appealing was the available vice to the troops that Newport officials

and the U.S. Army seemed hopelessly unable to control the behavior of the soldiers posted there.¹²

Nineteenth-century historian Henry Howe reported that "Idleness, drinking, and gambling prevailed in the army to a greater extent than it has done in any subsequent period."¹³ Additionally, Howe suggested that the widespread gambling and drinking resulted because the soldiers had "long been deprived of the advantage of modest, accomplished female society which always produces a salutary influence on the feelings and moral habits of men."¹⁴ In the continuing absence of either combat or the calming female influence Howe recommended, the sale of vice and gambling escalated into the nineteenth century.

During the 1830s, the function of the Newport Arsenal shifted away from a bustling garrison whose soldiers frequently saw combat, to a post in decline as the fluctuating national economy slowed enlistments.¹⁵ It was during this decade that gambling in Newport became more widespread and publicly advertised. What had previously existed as haphazardly organized informal betting venues began to evolve into the popular gaming establishments that would occupy the public attention for the next century.

¹² Thomas, "The Military Forts of Northern Kentucky."

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

This expansion transpired concurrent with and in spite of the growing national emphasis on reform. As an emerging segment of Americans focused scorn and opprobrium on issues of moral and social abuse ranging from temperance to prison reform, Northern Kentucky embraced vice and weathered the largely ineffective local criticisms. This was particularly true with the frontier's most popular vice, wagering on horse races.

The growth of thoroughbred racing was also responsible for the transition to more formalized bookmaking. Newport's most prominent citizens were involved in the breeding and racing of horses, lending legitimacy to the developing vice market. When one of Newport's most powerful and respected founding families, the Taylors, opened the Newport Course racetrack during the 1820s, they capitalized on the public's interest in and willingness to gamble.¹⁶ The track was centrally located within Newport's

¹⁶ Crawford, "Newport Made County Seat in 1796."; Chester F. Geaslen, "'Goody-Goody' Days of Newport, Kentucky" Originally posted at Ft. Washington as a young soldier, Virginian Hubbard Taylor recognized great potential in the rich soil and lushly vegetated hills of Northern Kentucky. Taylor hailed from a particularly prominent Virginia family. His father, Colonel James Taylor (a relative of Zachary Taylor), had served heroically during the French and Indian Wars. As his reward, the Commonwealth of Virginia bestowed upon him a 1500 acre land grant. The younger Taylor, upon his arrival at Ft. Washington, and acting on his father's behalf, seized the opportunity to capture some holdings and began the process of planning a town. He designated the town as Newport, in tribute of Christopher Newport, the commander of the first ship of English settlers to reach Jamestown in 1607. By 1792, Hubbard Taylor's brother, James, arrived in Newport to assess the family's holdings. He found little more than a clearing in the woods, but the

boundaries, bordered by 5th to 7th Streets and Monmouth and Saratoga Streets. The track hosted races open to any horse with an owner willing to pay the entrance fee.¹⁷ As advertised in the leading newspaper of the day, races occurred with regularity and promised considerable purses for the winning horse.¹⁸ With the growing publicity and increasing frequency of races, many Newport citizens embraced racetrack wagering.

The expanding influence of gambling interests began to trouble reform-minded residents and the perceived need to control the gambling operations emerged as an early concern for city politicians.¹⁹ In 1834 and 1835, Newport citizens focused on the organization of a municipal government as they sought incorporation. Town leaders secured incorporation in 1835. Key among the concerns addressed by city lawmakers during the formation of the town charter was the need to secure order and reduce crime. On February 24,

settlement slowly grew to approximately 180 acres and was incorporated as a town by the Kentucky Legislature in 1795.

¹⁷ Campbell County Bicentennial Committee, "Guidebook: Historic Walking Tour of Newport, Kentucky" (Newport, KY, October 1974).

¹⁸ "A purse of \$50 will be run for, over the Newport Course, on Thursday the 4th day of June next; together with the entrance money of said day, free for any horse mare or gelding; 2 miles and repeat. Entrance money \$5. Also, on Friday the 5th of June next, a sweep-stake for a purse of money—and the entrance money of said day; one mile heat, three best in five; to carry weight on each day agreeably to the rules of the Lexington Jockey Club. Also, on Saturday the 6th of June next, a match race for \$1000; four mile heat." *Liberty Hall & Cincinnati Gazette*, May 21, 1829.

¹⁹ "History of Newport Related in Paper before Boone County History Society," *Kentucky Times-Star*, July 26, 1952.

1834, voters granted the mayor and trustees the authority to create a police force. The public mandate called for officers to keep the peace and so vested those officers with the "authority to apprehend felons, gamblers, rioters, breakers or disturbers of peace, vagrants, persons of evil fame, and or riotous and disorderly conduct, and to carry them, with such evidence as they may possess, before the mayor, or some justice of the peace, to be dealt with according to the law."²⁰

The trend toward increasingly strict regulation of public behavior continued throughout the 1830s. Aided significantly by national growth in reform movements, regional reformers gained broad audiences as they lectured on the evils of gambling. Charles Caldwell was among those who attracted the attention of Kentucky reformers. In his capacity as a medical doctor, Caldwell wrote and spoke throughout the 1830s on the dangers of gambling, emphasizing the array of accompanying vices that he believed guaranteed to follow where gambling existed. He viewed the presence of "domestic gambling" as "the pestiferous source of all other forms of vice."²¹ So terrifying did Caldwell find gambling, that in a discourse

²⁰ Ibid.

²¹ Charles Caldwell, *A Discourse on the Vice of Gambling*, 30.

delivered to the Anti-Gambling Society of Kentucky's Transylvania University in November 1835, he spoke fervently of the certain destruction of the very core of society should citizens not end the practice:

On the expulsion of gamblers, and the suppression of gambling, depend our moral, literary, and scientific existence, and our entire character for respectability, as a community. Unless we drive from among us these moral lazars, and cleanse ourselves of the pollution with which they infect us, the name of Kentucky will become a term of abhorrence, and a synonyme [sic] of profligacy. Our schools of learning will be deserted; the very buildings they occupy may be turned into gaming houses; and our youths will become rogues, black-legs, and vagabonds, or, what is but little better - *gentlemen gamblers*. How, then, I ask again, are these evils to be removed?²²

Caldwell went on to suggest a number of remedies, including stricter enforcement of anti-gaming laws supported by the cultivation of a sense of intolerance within the community for the moral laxity of the gambler, and the elimination of racetrack betting. Wagering on horse races appeared particularly troubling to Caldwell, who decried the turf as "one of the chosen scenes, where all the gross and turbulent passions hold high carnival, and revel uncontrolled."²³ In order to arrest effectively the public preoccupation with that particularly seductive and ruinous form of gambling, Caldwell called on municipal officials to elevate standards of law. Only through legislating

²² Ibid., 16.

²³ Ibid., 31.

morality could responsible citizens hope to save themselves and their communities from the "ungovernable spirit of adventure" awakened by the "sordid and dishonest adventure of betting."²⁴ Where law enforcement failed, Caldwell saw great responsibility on the part of citizens to mobilize public opinion so that the "delinquents should be crushed, by the weight of opprobrium indignantly thrown on them, by their injured fellow citizens."²⁵

While records indicate that Newport's civil authorities, in keeping with sentiments shared with Caldwell, sought to legislate and police even what appeared to be relatively minor breaches of the law, soldiers from Ft. Washington as well as civilians continued to openly engage in gaming and prostitution with no consequence.²⁶ As a result, the city responded by selecting and training a police force to aid in law enforcement. While various law enforcement positions existed in Newport's early history, it was not until December of 1863 that newspaper accounts began to refer to a municipal agency employing "special

²⁴ Ibid., 32.

²⁵ Ibid., 18.

²⁶ Geaslen, "'Goody Goody Days' of Newport, Kentucky." Throughout the 1830s, the mayor and trustees passed a series of city ordinances legislating morality. Fines of up to \$10 could be levied for public "hallooing" which included any number of "boisterous shouts and unruly behavior." Swimming and bathing in the river were also illegal between the hours of four a.m. and nine p.m. Exceptions could be granted if four trustees gave written permission.

policemen."²⁷ Prior to the 1860s, city police had been referred to as marshals and deputy marshals. By the late 1860s, the city began to develop a professional police force housing a chief of police and a number of patrol officers. Although efforts to standardize the police department emerged in earnest by the 1860s, it took several decades for Newport police to earn a measure of credibility.

Though this new system was a noticeable improvement over the existing one, it still lacked professionalism as the chiefs and officers generally held other jobs in addition to their responsibilities on the force. What credibility they did garner was tenuous and as early as 1877, police operations were the object of public scrutiny and derision. Vocal critics abounded, and during that year the public debate regarding the ineffectiveness of Newport police spilled into the pages of local papers. Critics argued that the police, due in part to their holding of other offices, rarely responded in a timely fashion to urgent situations. Additionally, when police were visible, the public perceived that they spent too much time and too many resources on "drunks and disorderly women" while

²⁷ Jim Reis, "Evolution of Law Enforcement," *The Kentucky Post*, April 1987.

illegal gambling operated essentially unmolested.²⁸ Newport citizens offered a series of suggested improvements including an adjustment of police salaries to a commission for each arrest and conviction. While the proposed reforms varied tremendously, one overriding theme bound them together. As one prominent citizen proclaimed, "The way the whole system is now run and managed is a fraud and should be abolished."²⁹ The weaknesses in local law enforcement contributed to municipal authority's inability and unwillingness to address the expanding presence of both on and off-track betting.

The construction of a new horse track in Northern Kentucky further encouraged criminal activity among both civilian and military populations. Noting the success of Churchill Downs in Louisville, Kentucky, James T. McGibben, George G. Perkins, Frank P. Helm, and Major Elias D. Lawrence joined to form the Latonia Agricultural and Stock Association. Incorporated on April 24, 1882, and funded by a broad base of stockholders, the association moved quickly to build a racetrack. By the spring of 1883, the association had secured a tract from the Taylor family and constructed a one mile oval track complete with grand

²⁸ Ibid.

²⁹ Ibid.

stands and a clubhouse. At 3:00 p.m. on opening day, Saturday, June 9, 1883, approximately 8,000 people gathered to witness the first race at the Latonia track. Among the 8,000 in attendance were some of the region's finest families, including a number of judges, doctors, military officers, and two candidates for governor.³⁰ The reports describing crowds at opening day of the six day meet indicated that a significant portion of the spectators were soldiers posted at the barracks. Like their civilian counterparts, the soldiers anxiously placed bets in one of three ways on that opening day. Latonia offered auction pools, bookmaking, and pari-mutuel betting.³¹

The attraction drew increasingly devoted spectators, contributing to economic growth and prosperity in the region, despite the fears of area reformers. By the spring of 1887, an average of 15,000 people were attending the

³⁰ John R. Blakely, "The Old Latonia Race Track" (paper presented to the Christopher Gist Historical Society, Covington, KY, June 24, 1952). One of the gubernatorial candidates, William Goebel, who was eventually elected to the office, attended the races with John Sanford, whom he later killed in a gun duel on the steps of the First National Bank in Covington.

³¹ Ibid. Auction pools required an auctioneer to "sell" each horse in the race, sometimes offering several long-shots as one unit. The horse believed to have the best chance of winning generally sold for the most money. The auctioneer retained a commission from the total. Once he sold all of the horses in one pool, he started another. This varied significantly from bookmaking and pari-mutuel betting where odds determine the potential gains available to the gambler. While in bookmaking, the bookie sets the odds, enabling the gambler to shop various books for favorable odds in an attempt to protect himself against loss, the odds in pari-mutuel pools are dependent solely upon the amount of money bet on each horse with a commission held for the track.

races daily during scheduled meets.³² Local papers touted the track's appeal, indicating that "the cream of the thoroughbreds of the country is here. The hotels of the city are crowded and the Jockey Course is being visited by thousands upon thousands of delighted spectators and friends of the sport."³³ The track proved to be a vitally necessary economic boon in the wake of destructive and unforeseen flooding. When the Ohio River exceeded its banks in February 1884, it devastated Newport, covering approximately 2000 homes, 125 businesses and leaving in excess of 15,000 people homeless. The War Department assessed the damage to the Newport Barracks, finding valuable records destroyed and both land and buildings damaged. Shortly after the 1884 flood, the Commanding General of the U.S. Army, Phillip H. Sheridan, determined that the post was not worth maintaining. Negotiations began immediately to relocate the barracks' responsibilities to a nearby parcel of land.³⁴

With the relocation of the Newport Barracks, reform-minded citizens might have found cause for celebration, but were instead confronted with a sobering fact. For nearly one hundred years the town pointed to the presence of

³² Ibid.

³³ Ibid.

³⁴ Ibid.

soldiers as the sole driving force behind the growing gambling problem. While the participation of garrisoned troops had certainly been a key element in the formation of a culture of vice and gambling in the region, as the Barracks' influence receded, reformers noted their worst fears remained. During Newport's frontier century, gambling and accompanying vices had gained tremendous popularity and a measure of legitimacy among the citizenry. The economic benefits of thoroughbred racetrack gambling in particular seemed undeniable. Newport's increasing reliance on illegal income for prosperity and growth brought both sides of the gambling issue to the foreground.

By the 1890s, the public debate over police and governmental shortcomings began to focus with precision on their mishandling of the enforcement of anti-gambling ordinances in Newport. Northern Kentucky, like many former territorial communities, was shedding its frontier outpost identity in exchange for developing urbanism and an expectation of more sophisticated municipal services. While Frederick Jackson Turner decried the closing of the frontier, Northern Kentucky found itself trapped between its rugged and bawdy past and its aspirations to complement and compete with neighboring Cincinnati. Despite their efforts to keep pace with their more affluent and

successful neighbors, Newport citizens were faced at every turn with their comparative lack of accomplishment. Neither industry nor commerce selected Newport over Cincinnati. In both reputation and reality, Newport failed to parallel the development Cincinnati enjoyed. It did excel in its ability to accommodate the regional demand for vice. Though this carried the potential for significant economic benefit, the prospect of expanding vice in Northern Kentucky alarmed many of its citizens, who decried the act of bartering their moral obligations for quick profit. Those same reformers were equally concerned by the failure and refusal of their public servants to enforce anti-gambling laws. As the gentry-supported racetracks spawned a growing number of pool halls designed to take bets on horse races, the gambling dens came to be seen as more than pastimes and diversions for soldiers, and as Newport entered the twentieth century, gambling fell under the light of public scrutiny as a moral crisis for the entire community.

The expansion of public gaming halls during the nineteenth and early twentieth centuries brought an increasing participation in and preoccupation with illegal gambling that would permanently mark the community. As it did for many other aspects of American history, the

modernity typically associated with the twentieth century did not arrive for gambling in Northern Kentucky until after the First World War and the passage of the prohibition amendment. During the period 1890-1919, the status of gambling in the region remained relatively small-scaled, despite its growth, and locally controlled. Establishments that offered the selling of pools approached the height of their popularity in those twenty years. Driven by the lax enforcement of anti-gambling ordinances as well as burgeoning technology, gambling operations became increasingly lucrative for owners and attractive to gamblers. With wire services developing during the period, gamblers gained access to a wider range of wagering opportunities and operators found new ways to take money from the masses who were willing to forfeit their wages and savings. By the passage of the National Prohibition Act in 1919, a few key owners and operators had confirmed the public's willingness to frequent gambling halls and had further revealed law enforcement's inability and unwillingness to control the illegal behavior.³⁵ Northern Kentucky proved no different than much of America during the period. Responding to the nationwide trend to

³⁵ Andrew Sinclair. *Prohibition: The Era of Excess* (Boston: Little, Brown and Company, 1962), 220-41.

modernize and shake off the constraints of Victorian morality, large segments of the region began to embrace relaxed social and cultural standards and welcome the expanding local vice market and its proprietors.

It was those early hall operators and bookmakers who would drive the gambling movement until more organized criminals emerged following prohibition. Though gambling operators in the early years of the twentieth century were a varied lot, they shared a few notable characteristics including a willingness to openly defy authorities by running highly visible illegal schemes designed to swindle gamblers out of tremendous sums of money. Consequently, as the numbers of individuals and entities selling pools, running books, lotteries, and other games of chance increased, players began accruing larger debts. As area citizens spent more time and money in the gambling halls, and as city officials failed to shut down illegal operations, reform-minded citizens sought, largely unsuccessfully, to take action.

During the final decade of the nineteenth century, the conditions emerged that shaped the dynamic relationship between gamblers and reformers, and created the environment necessary for large-scale gambling operations to succeed in the twentieth century. Contributing to the spread of vice,

the growing public demand for games of chance drove gambling organizers to seek ever more creative methods for evading police detection and legal prosecution. By the passage of the Volstead Act in 1919, gambling operators had established a system whereby they maximized profits and minimized risk by controlling pool halls in more than one county. By conducting operations in neighboring counties, room owners found it possible to close an offending establishment when the original county's grand jury was in session, effectively blocking efforts to investigate and collect evidence of wrong doing while simultaneously running a gambling hall in the adjacent county. By custom, Kentucky grand juries only considered evidence gathered at the time of hearing and so gambling interests evaded punishment by ceasing their activity during grand jury sessions. In this way, gamblers successfully frustrated reform efforts for nearly a century.

Whether law-enforcement's ineffectiveness stemmed from inability or unwillingness, it appeared that any movement toward reform required significant public participation in order to support governmental efforts. During the late nineteenth and early twentieth centuries, public interest and participation in curbing illegal gambling amounted to nothing more than petition and letter-writing campaigns and

extensive newspaper coverage. Only when public pressure garnered media support for reform did officials commit to reform agendas. In some cases, the topic of illegal gambling retained momentum through press efforts to expose vice interests and to challenge local law makers and law enforcement to act.

As early as 1892, reporters for the *Kentucky Post* began to focus on the unprecedented growth of illegal gambling and to investigate and direct public attention to the municipal authority's unwillingness to act against gambling interests. In October 1892, an anonymous *Post* reporter asserted that it was a public and "notorious fact" that at least three "joints" were operating within city jurisdiction and without fear of interference.³⁶ *The Post* indicated that the three establishments were conducting regular games that were becoming increasingly popular with local gamblers. According to *The Post* reporter, games at the establishments of Christ Whitehead, George W. Tolston, and N.W. Claflin were open to all and easily accessible. Those games, though ultimately designed to benefit the proprietor, occasionally rewarded gamblers sufficiently enough to entice them to return.³⁷ Among the three

³⁶ "With Take Off - Are Poker Joints in Newport?" *Kentucky Post*, November 1, 1892.

³⁷ *Ibid.*

identified by *The Post*, Christ Whitehead was the most notorious. He had served as a member of the Newport police force prior to opening his gambling hall. Consequently, he benefited from connections in that department, as well as in the local courts, which enabled his operation to thrive without any real concern for the law.

Corrupt favoritism plagued Newport's municipal structures throughout its colorful history. The existence of such favorable relationships gave gambling operators like Whitehead a significant advantage. With that tremendous latitude, Whitehead attracted some of the region's most prominent citizens, alongside its most degenerate, to wager. By 1888, the games in play at his establishment had gained such infamy that public pressure on law enforcement outweighed the favors Whitehead enjoyed. Through a letter-writing campaign targeting Mayor Berry, area mothers convinced the politician to act to save their sons from "ruin by the poker route."³⁸ The Mayor faced political consequences if he failed to act. In response, he required the Chief of Police to conduct a quiet raid of Whitehead's place. Headed by Lieutenant Plummer, and comprised of approximately one-half of the Newport police

³⁸ "So Innocent: Chief Cottingham Didn't Know of the Newport Games Spoken Of," *Kentucky Post*, November 2, 1892.

department, the task force broke the side door of the building, rushing into the gambling room. They found seven players in a game of faro.³⁹ As they waited for the arrival of the patrol wagon, six more gamblers arrived and were also arrested. A grand jury indicted all thirteen and imposed fines on a few.⁴⁰

As was often the case following police raids in Newport, Plummer's action produced few lasting consequences. Whitehead himself suffered no real penalty. After the raid, his establishment faltered a bit in popularity, but never closed. At the time of the publication of the 1892 article in *The Post*, games of poker and faro were openly, though discretely, being run daily. The equipment seized during the 1888 raid remained in a jury room in the Newport courthouse as potential evidence for any future trial. That trial, quite predictably, never materialized and, as one area citizen commented, "Christ's

³⁹ Alan Wykes, *The Complete Illustrated Guide to Gambling* (Garden City, NY: Doubleday & Company, Inc., 1964), 168-170. Faro is a card game that enjoyed great popularity in the United States during the nineteenth century. Often referred to as a faro bank, the game gained such popularity in part because of the fact that, when played fairly, it offered better odds for gamblers than most games. It earned tremendous criticism from reformers who denounced it for its ability to seduce gamblers into games that often had the dealing box rigged, resulting in significant losses for those addicted to games of chance. Faro banks became less visible after World War II, but were continued in play in Las Vegas and Reno until the close of the twentieth century.

⁴⁰ "So Innocent," *Kentucky Post*.

furniture is liable to rot before the case comes to trial."⁴¹

Despite the public outrage surrounding the flagrant dereliction of duties on the part of city and county officials, those practices continued blatantly until the second half of the twentieth century. This was exacerbated as Newport exhibited its culture of opposites even within public offices. City government and law enforcement agencies held split allegiances with regard to the punishment of criminal gambling elements. Perpetuated by the possibility of tremendous financial gain, the networks of illegal gamblers cooperating with a growing number of corrupt public servants expanded as the system became increasingly tolerated and lucrative.

As establishment owners began to see the success they enjoyed by closing games during grand jury sessions, they sought ways to limit cash losses by replicating operations in other counties, and temporarily closing the games as necessary. This growing sophistication among gambling owners proved frustrating to law enforcement. Attempts to eliminate well-known poker games within city limits fared no better than the forays outside of town. Police detectives and other investigating officers found it

⁴¹ *Kentucky Post*, November 8, 1892.

extremely difficult to document illegal games of poker due to the fact that the poker tables required only chips and cards to run successfully. As many recreational card games not prohibited by law required the same paraphernalia, little hope emerged for isolating and punishing law-breakers.⁴²

The failure to effectively prosecute criminal activity served to open the floodgates for other criminals interested in profiting from any number of gambling schemes. For the most part, those proprietors opened a series of pool halls in and around Newport and continued the process of perfecting ways to avoid any legal consequence. With time, hall owners and gamblers alike began to discover that their activities were rarely in any real danger, regardless of the threats to enforce anti-gambling legislation.⁴³

By the turn of the century, organized gambling enjoyed a very public and protected status, despite the efforts by many area citizens and the press to direct attention to the criminal element. As a result, race track owners, operators, and patrons capitalized on reformers' waning influence to advance the sport's regional popularity and

⁴² *Kentucky Post*, February 11, 1895.

⁴³ "Bets - Pool Room Preparing to Open in Newport Officials Say They Will Not Permit It," *Kentucky Post*, December 4, 1897.

profitability. In 1905, Harvey Myers partnered with Rome Respass to develop further the Latonia Race Track. Respass, who frequently ran his horses at Latonia, stood to gain both as a track owner and a race participant. On November 28, 1905, the corporation secured a loan for \$5,000 to purchase additional acreage and to improve the grounds. The additional sixty-five acres were utilized for expanded track facilities and parking. Improvements included the creation of a lake in the infield surrounded by flower beds and shrubbery, the purchase of new flags and bunting to decorate for race days, and the repair and repainting of Latonia's signature green and white painted barns. The updated track would serve as one of the area's most prestigious gathering places until well into the twentieth century. The Latonia Race Track hosted countless patriotic events during World War I, drawing local, national, and international dignitaries as guests. On one notable occasion, a visiting Belgian diplomat charmed Northern Kentucky during his attendance at the races.⁴⁴

That growing public acceptance of the clearly illegal practice of gambling concerned Circuit Court Judge Hodge and drove him to deliver a sixty-seven page charge to the

⁴⁴ John R. Blakely, "The Old Latonia Race Track" (paper presented to the Christopher Gist Historical Society, Covington, KY, June 24, 1952).

grand jury. In his charge, Hodge spent considerable energy making it clear that gamblers were not welcome in Campbell County. He argued convincingly that they "attract and encourage loafers and a disreputable class of people" who "prey upon the weak members of a community, building their profit from the ruin and despair of those whom they have seduced."⁴⁵ He went on to say that he "should much rather my boy die of any disease than grow up to be a gambler. I should much rather my girls should die than be the wives of men who are gamblers, made so by the failure of public officials to enforce the laws."⁴⁶ Such were the type of men Hodge felt were to blame for the activity at Huber's Garden and for the growing corruption among governmental officials sworn to uphold anti-gambling laws. Of the latest controversy surrounding Huber's Garden, Hodge admitted it had "caused much excitement, inflaming the passions of reckless men, inviting danger to those in authority, together with possible and actual breaches of the peace."⁴⁷

In the closing remarks of his address, Hodge revealed his worst fears about the growing prevalence of illegal gambling and offered an ominous prediction for the future. The final thirty pages of his charge examined the

⁴⁵ "Grand Jury Told to Indict Gamblers," *Kentucky Post*, October 7, 1901.

⁴⁶ *Kentucky Post*, January 20, 1902.

⁴⁷ *Ibid.*

burgeoning sense of competition between the race track gamblers and those of the pool halls. He described a dispute between the two over rights to invade established gambling territories. Hodge indicated that by recognizing territorial conflicts and arguing over the process of monopolizing gambling interests, gaming operators were effectively creating illegal franchises or syndicates.⁴⁸ This sinister development symbolized for Hodge the worst possible outcome of the growing public acceptance of illegal wagering. His prediction that such franchises would bring ruin and danger to their community proved almost prophetic as the 1920s ushered in to Northern Kentucky an era of modernity characterized by bootlegging, gambling, graft, and violence. In the years following Hodge's speech, those who came to be identified as franchise or syndicate men learned much from the lessons of prohibition and established networks of local citizens willing to risk their very lives in the pursuit of gambling's easy money.

By 1920, Hodge and fellow reformers found themselves pitted against an increasingly sophisticated enemy with little more in their arsenal than of a handful of concerned citizens and reliable press coverage. Conversely, the

⁴⁸ Ibid.

gamblers had entrenched themselves as an able opponent for the reform-minded citizens of Northern Kentucky. They had achieved an economic foothold, a reliable system for evading the law, a devoted group of followers, and a brazen disregard for their opposition. As Newport entered an age of increasing modernity, the era of the pool hall waned, but the battle over illegal gambling continued to rage between reformers and the growing gambling interests.

CHAPTER TWO

1920-1939: From Booze to Bets

Despite the menacing threat of general societal decline as outlined by Hodge, organized, large-scale gambling franchises remained too ambitious a goal for Newport's operators until the close of the 1930s. The experiences of the previous one hundred thirty years indicated that there existed clear public interest in gambling, and that operators stood to gain considerable profit by capitalizing on that desire. What the vice peddlers lacked was general organization and a bona fide system of delivery and evasion of prosecution. Those conditions limited their exploits and encouraged decentralized crime. That would change as America underwent the thirteen years spanned by prohibition. In noticeable contrast to early American experience of gambling, two evolving national trends characterized the period's gaming. First, the connection between institutional organization (both criminal and legal) and gambling became more transparent. And second, those in positions of power and policy leadership developed an increased tolerance for legalized gambling, for primarily economic reasons.

That growing acceptance began to take shape most notably after the First World War. Soldiers returning from

the war brought with them new affinities for card and dice games, and for the chance and betting which were an accepted part of the same. Taken in combination with the economic difficulties of the Great Depression, the increasingly favorable public opinion contributed to the expansion of legalized race track betting throughout the 1920s and 1930s. As it had in generations past, race wagering far surpassed other forms of gambling in its prevalence and popularity; however, its success in many cases made possible the expansion of other forms of illegal gaming. Estimates indicated that in 1937, Americans legally wagered near \$400,000,000 at the nation's race tracks. While the number was staggering, it in no way competed with the approximately \$4,000,000 a day that changed hands illegally through American bookmakers and off-track betting schemes.¹ As Americans became more comfortable with the practice of pari-mutuel betting, off-track wagering, casino games and charity bingos followed.

When America went dry at the stroke of midnight, January 17, 1920, the scope and practice of criminal activity erupted overnight. As illegal suppliers of alcohol scurried to meet the demand for contraband liquor,

¹ F.B. Warren, "The Billion-Dollar Poolroom Racket," *The Nation* 147, no. 5, July 30, 1938, 106.

they devised intricate networks for the production, distribution and sale of forbidden products. In the process, they revolutionized both the way Americans perceived criminality and how they expected their government to respond to certain types of lawbreakers. When faced with the prospect of a dull, dry thirteen years, a sizeable portion of Americans opted instead for bootlegged liquor, illegal speakeasies, and outlawed gambling.²

If it weren't for prohibition, illegal gambling in America may have remained under the control of a decentralized group of conflicting interests, squabbling over territory and power. Fate would change all that. In Northern Kentucky, as it did in many other regions, prohibition produced the conditions necessary for the creation of large-scale, effectively organized criminal networks.³ As the nation's leading crime families organized to capitalize on the opportunities to profit from prohibition, they created models that would filter down into the smaller regional markets, organizing centers of wealth and vice control in places like Newport. In

² James H. Timberlake, *Prohibition and the Progressive Movement, 1900-1920* (Cambridge, MA: Harvard University Press, 1963), 153-154.

³ Kentucky Attorney General John Breckenridge, interview by Hank Messick, Special Collections and Archives, Steely Library, Northern Kentucky University.

particular, prohibition produced a legacy characterized by six key outcomes that shaped the criminal landscape in Northern Kentucky.⁴ Of primary importance was the fact that literally overnight, legal restaurants and cafes became havens for criminal activity. As restaurants transformed into "speakeasies" or "tiger blinds" by virtue of their sale of liquor, not only did the number of locations where vice existed increase, but the acceptable became illicit and criminal behavior invaded the daily experience of middle-class America.⁵ That expanding exposure to illegality served as a gateway for the second key outcome. As Northern Kentucky citizens became increasingly comfortable with selectivity with regard to abiding by the letter of the law, they found it much easier to embrace moral relativity with regard to gambling and prostitution. While a significant portion of the citizenry of Newport had years before accepted this regarding gambling, prohibition enabled increasing numbers of people to accept that thought. That, then, is the third significant product of

⁴ Matthew DeMichele and Gary Potter, "Sin City Revisited: A Case Study of the Official Sanctioning of Organized Crime in an 'Open City'," <http://www.policestudies.eku.edu/POTTER/International/Newport.htm> (accessed June 11, 2003), 1.

⁵ Ibid.

prohibition in Newport. It instantly created criminals out of previously law-abiding citizens.⁶

With such staggering numbers of Northern Kentuckians engaged in the purchase and consumption of contraband, prohibition allowed for the accumulation of tremendous wealth for bootleggers and for the architects of bootlegging empires. Those same "beer barons" would later turn their bootlegging profits toward gambling enterprises.⁷ Northern Kentuckians, like most Americans, continued to drink following the passage of the Volstead Act. While their habits may not have changed significantly as a result of prohibition, the price they paid to continue those habits did. Bootleggers escalated the cost of alcohol, tacking a criminal surcharge onto the cost of production. While that "artificially created organized crime tax" ostensibly was designed to cover the expense of "operating an illegal enterprise" and to "compensate the participants for increasing risk," in practice it simply escalated the rate of profit for bootleggers.⁸ Some of the extra money accumulated lined the pockets of the criminals who grew wealthy off their neighbors and the crooked politicians, some of those funds were re-directed to fund the expansion

⁶ Ibid.

⁷ Alan Wykes, *The Complete Illustrated Guide to Gambling* (Garden City, NY: Doubleday & Company, Inc., 1964), 247.

⁸ DeMichele and Potter, "Sin City Revisited," 2.

of alternative forms of vice. In Newport, this was gambling.

The fifth key contribution was the ability of prohibition to lend credibility and a "veneer of respectability"⁹ to increasingly organizing criminals. The previously easily identifiable and avoidable criminal element became increasingly invited to and involved in the circles of respectable society. This was due primarily to the traffic of contraband liquor. As Northern Kentuckians purchased their alcohol for social functions they expanded the realm of the criminal. Few, if any, middle-class families would allow a thief or a pimp into their social circles or homes; however, many during the prohibition era welcomed bootleggers into their homes and places of business with no hesitation.¹⁰

In order to function effectively enough to meet the steady demand for bootlegged liquor, prohibition's criminal element fine-tuned and perfected the processes of graft and political corruption. Corruption itself was, of course, not new to Northern Kentucky, and Newport in particular. The region inherited a rich heritage of crooked politicians and derelict public servants. Prohibition simply served to

⁹ Ibid.

¹⁰ Ibid.

institutionalize the practice of payoffs. While previous generations secured a lax attitude regarding law-enforcement by the careful and discrete employment of payoffs, this new generation of vice dealers and consumers was anything but discrete. What had previously taken place in quiet, secretive transactions now occurred with regularity and great fanfare. The public made it clear that they not only expected their officials to ignore the existing supplies of alcohol, but also that they would allow new supply to be made and sold. In Newport, successful politicians not only interacted publicly with bootleggers in their efforts to reassure voters, but they also accepted bribery as openly as they received their legitimate paychecks.¹¹

The emerging graft and corruption would come to serve the criminal faction well as they later embraced gambling as their chief enterprise.¹² Shortly following the passage of the Prohibition amendment, large-scale smuggling networks emerged to supply the dozens of Northern Kentucky establishments featuring illegal alcohol. Locals quickly capitalized on the situation, constructing small-scale

¹¹ Jack and Edie Cook, interview by David Payne, February 8, 1980, Special Collections and Archives, Steely Library, Northern Kentucky University.

¹² Henry J. Hosea, interview, Special Collections and Archives, Steely Library, Northern Kentucky University.

production stills to supplement income. Beer, wine, whiskey, gin, brandy and illegal "red"—anything you desired could be had in Newport. Though local liquor law enforcement was lax and inconsistent, the occasional raids organized by federal agents produced staggering evidence that bootlegging was rampant in Northern Kentucky.¹³

So widespread was the black market trade of illegal alcohol in Northern Kentucky that in 1934, the Bureau of Internal Revenue sought out seasoned Eliot Ness to address the issue in the southern Ohio, Kentucky and Tennessee district. Following on the heels of his notorious experience in Chicago with the "Untouchables," the thirty year old Ness accepted the challenge and immediately set about the difficult task of identifying and regulating the thousands of stills located across the "vast and hostile territory that had its own code of silence."¹⁴ Ness quickly discovered what law enforcement officers before and after him would know with certainty; Northern Kentucky criminals were not only difficult to catch and prosecute, but they were fearless and inventive in the pursuit of their illegally procured fortunes. As his tenure as a revenuer in the northern Kentucky region came to a close, Ness told

¹³ "100 Arrests Made in Two Days by Federal Agents," *Kentucky Post*, May 12, 1928.

¹⁴ Paul W. Heimel, *Eliot Ness: The Real Story* (Nashville, TN: Cumberland House, 2000), 143-44.

one reporter that "those mountain men and their squirrel rifles gave me almost as many chills as the Capone mob."¹⁵ Indeed, there may have been good reason for such a reaction.

Newport proved so successful in its production of illegal stores of red liquor that larger syndicate operators such as Al Capone, Dutch Schultz, and Meyer Lansky obtained portions of their inventory in Newport. Out of those illicit stills and distribution centers, modern casinos would develop and from the prohibition payoffs, the corruption that enabled widespread gambling would erupt. The personalities of prohibition in Newport would become the leaders of organized crime in the decades to follow.¹⁶ And finally, as those gangsters began to strategize beyond the eventual repeal of prohibition, they sought other means to reap a profit. They found a prime opportunity in the expansion and exploitation of illegal gambling.¹⁷

The history of American life during the period following the end of World War I and the onset of the prohibition era marked the beginning of social, cultural, and economic modernity. In Northern Kentucky, it also

¹⁵ Ibid., 144.

¹⁶ DeMichele and Potter, "Sin City Revisited," 3.

¹⁷ Jeff Laudeman, *Newport- The Real Sin City* (n.p.: JSL Publishing, 1997), 1.

signaled the creation of a changing economy, based not only on legitimate business but also increasingly on illicit vice trades. These social, cultural, and economic shifts characterized the period across the nation, and Newport largely followed those shared trends with their counterparts in larger cities. As Americans returned to peace following the conclusion of World War I, considerable segments of the population turned their back on the staid morality and social customs of their parents' generation. The nation underwent sweeping change as an age of jazz, frivolity and excess replaced Victorian stoicism and restraint. In places like Cincinnati and Newport, as in other developing urban centers, young Americans shunned previously held assumptions about propriety and appropriate behavior, instead freely indulging in music, dance, dress, and recreation with the opposite sex. As American women embraced their growing freedoms and rebelled against their mother's corsets, long hair and social restrictions, their participation in vice began to rival that of their male counterparts. Free from the watchful glance of either family or community, they reveled in their urban anonymity, making pastimes like gambling more appealing than ever before. The evolving societal norms regarding acceptable dress, speech, vocation, avocation and relationships

between the sexes certainly merit the wealth of investigation scholars have dedicated to those topics. However, the excitement and relevance of the prohibition era emerges at its best when the personalities involved are brought to light. It was the people who were responsible for illegal alcohol sale that devised carefully developed criminal networks, perfect for prohibition and that ushered in an era of widespread gambling in Newport.¹⁸

Perhaps the single most important individual in the creation of large-scale vice in Newport never controlled either a gambling or prostitution operation. Yet his legacy of organized criminality was the essential enabling factor that made illicit gambling networks popular, possible and profitable in post-prohibition Newport.¹⁹ German immigrant George Remus single-handedly revolutionized illegality in Newport, Kentucky. Born in Germany in the early 1870s, and brought to America by his parents at the age of four, Remus earned near celebrity status by the mid-1920s as a result of his infamous, though short-lived, bootlegging empire.²⁰ Originally migrating to

¹⁸ DeMichele and Potter, "Sin City Revisited," 3; "Dry Officers in Second Visit Find Gambling House Wide Open," *Kentucky Post*, March 7, 1926.

¹⁹ DeMichele and Potter, "Sin City Revisited," 5.

²⁰ *Ibid.*; Hank Messick, *Syndicate Wife: The Story of Ann Drahmman Coppola* (New York: The Macmillan Company, 1968), 7-8; Edward Behr, *Prohibition: Thirteen Years That Changed America* (New York: Arcade

Milwaukee, the Remus family later settled in Chicago during George's early teens. In Chicago, Remus left school to work as an assistant in his uncle's drugstore. A short few years later, at the age of 19, Remus began his entrepreneurial aspirations when he obtained a loan to purchase the store from his uncle. While practicing as a pharmacist, Remus pursued an interest in the law and was admitted at the age of 24 to the Illinois Bar. He practiced for a number of years as a criminal attorney in Chicago, earning a respectable reputation.²¹ The two seemingly disparate career choices proved almost uncanny in their relevance and usefulness as America entered the prohibition era. When the prohibition amendment passed, Remus capitalized on his success in both pharmaceuticals and the law and sold his practice and moved to Cincinnati. With \$100,000 from the sale of his practice, Remus found a perfect opportunity to utilize his expertise with pharmacy and his understanding of the law in the exploding popularity of Bootlegging.²²

Once in Cincinnati, Remus proceeded to piece together a bootlegging empire that would implement a number of the key outcomes previously discussed. Most importantly, Remus

Publishing, 1996), 78-81.; Jim Reis, "The Rise and Fall of a Bootlegger," *Kentucky Post*, April 17, 1995.

²¹ Messick, *Syndicate Wife*, 7-8; Behr, *Prohibition*, 78-81.

²² Messick, *Syndicate Wife*, 7-8; Laudeman, *Newport*, 3-4.

established routines of corruption and graft, and identified and trained many of the personalities that would become the key operatives in Newport gambling.²³ When Remus's organization was operating at its height, he employed dozens of local petty criminals who transported alcohol across the nation that had been produced in Remus's illegal distilleries in Ohio, Kentucky and Indiana.²⁴ His rapidly expanding bootlegging empire began quite legally. Since he retained his license as a pharmacist, Remus was eligible to purchase bonded liquor from the U.S. Treasury Department. Once legally purchased, the alcohol was then illegally distributed and sold. With the profits garnered from those early bootlegging efforts, Remus obtained seven distilleries in Ohio, Indiana, and Kentucky. The purchase of those distilleries enabled Remus to switch to the production of illegal alcohol once the supply of bonded liquor ran out. With the onset of production, Remus expanded his increasingly sophisticated criminal networks to employ dozens of local criminals hoping to capitalize on the illegal market to make substantial sums of money.²⁵

But Remus and his local associates found that the production and distribution of their contraband was only

²³ Messick, *Syndicate Wife*, 7-8; DeMichele and Potter, "Sin City Revisited," 3-4.

²⁴ Laudeman, *Newport*, 4.

²⁵ DeMichele and Potter, "Sin City Revisited," 5.

profitable if they were able to evade prosecution. To that end, Remus worked diligently to foster relationships in the regional justice system. Earning his reputation as the "gentleman grafter" by investing millions in pay-offs to area police, politicians, and judges, Remus ensured that he and his local employees were safe from local prohibition enforcers. This was certainly not a tactic reserved for the Ohio region nor for the local prohibition king. The practice of graft was widespread among organized criminal networks, who viewed the payments to local authorities as an unofficial tax. While large-scale criminal leaders accepted graft as a necessary part of criminal business ethics, they did not ignore its illegality or neglect to protect themselves where possible from prosecution for the practice.²⁶ Remus did not. Though he insulated himself from local threats, he did not; however, use the same measure of caution to protect himself against the federal Treasury Department agents who were tracking the country's bootleg operations. Unlike some of Remus's better-known contemporaries such as Meyer Lansky, Bugsy Siegal, Dutch Schultz, and Al Capone, Remus failed to insulate himself and so should not have been surprised when, in 1922, he was the target of a federal raid. He and twelve of his

²⁶ Warren, "The Billion-Dollar Pool Room Racket," 106.

associates were arrested, convicted and imprisoned.²⁷ Among those twelve were men who would become some of the most critical figures in the history of Newport gambling.

While Remus and his associates were facing the consequences of their violation of federal liquor laws, prohibition issues were not alone in capturing the attention of area reformers. Concerned citizens protested that vice of all varieties enjoyed something of a protected status in Newport.²⁸ Gambling, in particular, remained a problematic issue for many residents of Northern Kentucky, as they felt local agencies were even less likely to enforce anti-gambling laws than the liquor regulations.²⁹ Much like earlier periods in Newport history, ministers led the charge against vice peddlers during the prohibition era.³⁰ And just as earlier generations had discovered, prohibition era reformers could not depend upon Northern Kentucky police and court systems to enforce the law impartially or with any consistency. Evangelist and pastor of Newport's Central Christian Church, Reverend J. Newton Cloe carried the mantle of reform during this period. Like many before him, he responded to his own conscience and the

²⁷ DeMichele and Potter, "Sin City Revisited," 5.

²⁸ "Vice Zone Will be Shifted," *Kentucky Post*, May 6, 1928.

²⁹ "Judge Scores Liquor Law Violations- Hardened to Gambling," *Kentucky Post*, May 29, 1928.

³⁰ "Pastor Gives Police Gambling Roster," *Kentucky Post*, June 2, 1928.

concerns of his parishoners, diligently researching the prevalence of illegal gambling in Northern Kentucky.³¹ Cloe submitted his evidence to the appropriate authorities, testified before the grand jury regarding his findings, and found that his efforts produced absolutely no lasting result.³² Despite Cloe's best efforts, the grand jury reported that it could not document evidence of gambling or slot machines in Campbell County, and so illegal gambling remained a relatively safe pursuit for former bootleggers seeking new streams of revenue.

Pete Schmidt was among the twelve Remus men arrested in 1922.³³ Prior to the arrest, Schmidt played a key role in the distribution of Remus's product, often driving delivery trucks himself. Upon the completion of his sentence, Schmidt invested his bootlegging profits in the purchase of a hotel located on Newport's Monmouth Street.³⁴ Monmouth Street would eventually gain an infamous reputation for its casinos, but at the time of Schmidt's

³¹ "Mum's the Word," *Kentucky Post*, June 29, 1929. In a letter received by Cloe, area residents complained that "the people living on 6th Street and on Monmouth Street between 6th and 7th Streets live in constant fear. The gambling houses have gunmen walking up and down the streets." This type of concern was common when citizens discussed the conditions of "the bottoms" in Newport.

³² "Preacher Has to Do Work of Police," *Kentucky Post*, August 8, 1928; "Campbell County Grand Jury Was Furnished Names of Gambling Houses and Places Where Slot Machines Were Operating," *Kentucky Post*, June 27, 1929.

³³ Messick, *Syndicate Wife*, 7-8.

³⁴ Laudeman, *Newport*, 4.

purchase, the address was fairly innocuous. Naming the hotel the Glenn after his son, Schmidt supplied his boarders and patrons their illicit alcohol produced in his personal still located on the outskirts of Newport. Having already caught the attention of federal agents by his association with George Remus, Schmidt attracted additional investigation almost immediately after opening the Glenn Hotel.³⁵ In the course of a federal raid on his establishment, Schmidt shot and wounded an officer. The offense earned him a five year prison sentence. When Schmidt was released following his second term in prison, he found that prohibition was nearly over and the gambling era had already begun for Newport.³⁶ Having developed connections and grown increasingly hardened while in prison, he was well-prepared to navigate the often dangerous, though extremely lucrative, transition from prohibition to gambling operations.³⁷

One of the most glaring changes Schmidt encountered upon his release was that fact that the game and the players had changed. The days of the "gentleman grafter" had passed and a new breed of criminal was emerging in Northern Kentucky. During the age of Remus, criminal

³⁵ DeMichele and Potter, "Sin City Revisited," 6.

³⁶ Messick, *Syndicate Wife*, 7-8.

³⁷ Laudeman, *Newport*, 4.

enterprise had been largely uncharted territory. Remus was responsible for inventing the rules of a criminal game that was still in its nascent phase in Northern Kentucky. Though organized criminals in larger urban centers such as Chicago and New York were more advanced in the development of their criminal structures and business models, Northern Kentuckians had learned quickly during the prohibition era. The new type of criminal was modeling after the larger criminal organizations and utilizing the lessons learned during prohibition to become increasingly savvy, organized, and entrenched in the community. Though a portion of the region necessarily welcomed this new breed of criminal, an often silent (and sometimes silenced) majority met their emergence with dread.³⁸ This reticence was expressed most frequently in news editorials and church sermons while the court rooms and city hall remained mute. Reformers during this period of transition articulated their fear and disgust in language that foreshadowed the violence and corruption of the decades that followed. In one editorial, the *Kentucky Post* charged local authorities with extending a welcome to lawlessness and underworld ethics that would destroy the entire community if left unchecked. In fact, railed the editorial, Newport's reputation for disorder was

³⁸ Messick, *Syndicate Wife*, 7-8.

attracting the attention of big-city gangsters, and so the region should not be surprised by the "big-city killings that will follow."³⁹

That looming threat proved legitimate and was primarily represented by an emerging criminal network, the Cleveland Syndicate. It was this group that would most significantly impact the spread and control of modern illegal gambling in Newport. Their geographic proximity to Northern Kentucky enabled the Cleveland mob nearly immediate access to the region, allowing them to exploit the networks established during prohibition to nurture large-scale gambling enterprises.⁴⁰ They spent the next several decades acquiring fortunes, and when they could not purchase loyalty from locals they turned to intimidation and violence. During their tenure in control of the majority of Northern Kentucky's vice, they notoriously clashed with determined independent local operators like Schmidt, often with deadly consequences.⁴¹

The key members of the Cleveland Syndicate who directly affected Northern Kentucky were Moe Dalitz, Sam Tucker, Louis Rothkopf, and Morris Kleinman. The four were connected nationally to some of the most widely recognized

³⁹ "Newport is Paying," *Kentucky Post*, September 6, 1929.

⁴⁰ Heimel, *Eliot Ness*, 159.

⁴¹ DeMichele and Potter, "Sin City Revisited," 6.

and most sinister criminals of the day. They were savvy and ambitious and unshakably loyal to one another. Though all four had some criminal involvement prior to the prohibition era, they did not meet until sometime around 1925, when they were involved together in the production and distribution of bootlegged liquor. Much like Remus associates, the four honed their skills and built critical networks during the 1920s, eventually ensuring that they would be capable of running complex gambling enterprises. By the late 1920s, the Cleveland four were rumrunning nationwide, benefitting considerably from their connections to the larger New York criminal organization. By 1930, the group partnered with legendary mobster Meyer Lansky to expand their bootlegging enterprise beyond mere distribution.⁴² That partnership produced a number of industrial-sized distilleries. Despite their success as bootleggers, they recognized prohibition as a temporary American condition, and so began to look beyond prohibition for new and increasingly lucrative ventures. Gambling, it seemed, provided the most alluring promise of wealth and power. As an experiment, Moe Dalitz opened and operated a number of illegal casinos in the Cleveland area in 1930.⁴³

⁴² Laudeman, *Newport*, 5.

⁴³ *Ibid.*, 2-3.

Dalitz immediately recognized that gambling could eclipse the wealth they had accumulated as a result of prohibition.

Armed with their belief that prohibition would soon come to an end, and acting on Dalitz's success with his Cleveland casinos, the Cleveland Syndicate sought new arenas to expand their fledgling gambling experiment. At this juncture, Eliot Ness once again found himself at the heart of the evolving vice trade and in direct opposition to the Cleveland Syndicate's aspirations in both Ohio and Kentucky. On August 16, 1934, Ness concluded his work as a revenueur to assume a role as investigator-in-charge of the Alcohol Tax Unit in the Cleveland office. While the Treasury Department originally brought Ness into that position to curb the still rampant production and sale of illegal liquor originating from the Cleveland region, he quickly found that he faced not only the familiar moonshiners' and bootleggers, but also a developing criminal network of gambling enterprises. Ness estimated that by the mid-1930s, the Cleveland Syndicate's illegal gambling operations annually siphoned from the community's economy more than twelve million dollars.⁴⁴

As Ness's appraisal indicated, the Cleveland Syndicate was indeed enjoying the fruits of a lucrative experiment

⁴⁴ Heimel, *Eliot Ness*, 158-59.

with gambling. As the political climate began to change in opposition to the Volstead Act, the looming repeal of prohibition forced the syndicate to aggressively approach ways to replace bootlegging income. Feeling confident that their success in Cleveland was only the start of a potentially explosive source of revenue, the Syndicate pushed forward with their extension into new territories. As their first location for expansion, the four chose Cincinnati's Coney Island Race Track.

Infamous mobster Dutch Schultz owned the Coney Island track. Schultz hailed from New York and was largely responsible for the tremendous popularity of the numbers game in Harlem.⁴⁵ For years prior to Schultz's involvement, the numbers game had existed as a small-time, poor man's gamble. Schultz changed all that. He accumulated tremendous wealth during the prohibition era and used it to overpower Harlem's existing numbers game operators. By the close of 1932, Schultz and his men had expanded the operation throughout the city and were beginning to

⁴⁵ Emanuel H. Lavine, "Why they 'Drilled' Dutch Schultz," *The Nation* 141 no. 3672, November 20, 1935, 584-86; Alan Wykes, *The Complete Illustrated Guide to Gambling*, 247. The numbers game involved gamblers guessing a three digit number. Initially operators chose the number based on the final three digits of a city's stock exchange. As the game became more popular, the number chosen by those holding the bets was more often a payoff price at a specific racetrack. With humble beginnings as a diversion in Harlem in the early 1900s, the game grew quickly in popularity, and as it did, the amount of money a gambler could wager, and consequently lose, increased substantially.

experiment in other regions as well. The game quickly grew in popularity, promising to make Schultz an even richer man as it spread to become a nationwide obsession.⁴⁶ He maximized profits by only selectively paying lottery winners. Those who weren't paid had limited recourse, and they rarely found Schultz's henchmen willing to pay winners. Where Schultz found business slowing due to his non-payment policies, he would reward a few winners to regain gamblers' trust. It was this practice that earned the game the moniker the "numbers racket."⁴⁷

The wildly profitable Schultz would prove a key figure in the Cleveland Syndicate's push to expand their gambling interests into Newport. By 1935, Schultz found himself on the verge of prosecution for an array of criminal activity. New York prosecutor, Thomas Dewey, secured evidence sufficient to convict Schultz, and so was aggressively pursuing charges against the criminal. Schultz, fearing a long prison sentence, sought to evade the charges by planning Dewey's murder. Other prominent New York mafia leaders, certain that action would focus unwelcomed attention on their own criminal activity, made arrangements

⁴⁶ Ibid. Dutch Schultz had earned a reputation and a fortune during the Prohibition Era by capitalizing on bootlegging opportunities and intimidating competition. He, like many other bootleggers, sought a new revenue stream as Prohibition waned. He saw the numbers game, and gambling in general, as a prime opportunity.

⁴⁷ Lavine, "Why They Drilled Dutch Schultz," 584-585.

to counter Schultz's plan. In 1935, on his return to New York from a trip to Cincinnati, Schultz was shot repeatedly while eating at his favorite steakhouse. In his final hours, he refused to identify his killer, instead puzzling authorities with a nearly incoherent warning to "watch out for the Cleveland Syndicate."⁴⁸ Within a week of Schultz's murder, the Cleveland Syndicate had, in fact, seized control of the Coney Island Race Track. Renaming the track River Downs, the takeover symbolized the new era of gambling in Northern Kentucky.⁴⁹

The rules that would govern that new era were established beginning in 1928. In that year, New York gangsters Lucky Luciano and Meyer Lansky murdered their criminal competition, consolidating and clarifying their expansive power and control. The two envisioned a strictly organized criminal network that would mirror the corporate structure of rapidly expanding national big business. At a secret meeting hosted May 13-16, 1929 in Atlantic City, Luciano and Lansky proposed their criminal board of directors to representatives of criminal groups from across the nation. The two sought ways to strengthen their underworld ties, maximizing potential profit through

⁴⁸ Laudeman, *Newport*, 4-5.

⁴⁹ Thomas Barker, Gary Potter, and Jenna Meglen, *Wicked Newport: Kentucky's Sin City* (Charleston, SC: The History Press, 2008), 36.

cooperative joint ventures rather than the violent feuds of the past. Moe Dalitz and Louis Rothkopf attended to protect and secure the interests of the Cleveland Syndicate. The two made certain that, as the major crime families divided the country into clearly delineated territories, the Cleveland Syndicate gained control over Kentucky vice.⁵⁰ That would place the Cleveland Syndicate in a position to garner unprecedented control over the profits from various forms of vice. Having secured a measure of legitimacy through their inclusion in the Summit, the Cleveland group still had to contend with the interference of some of the nation's more prominent criminals. Dutch Schultz was one. Following Schultz's 1935 murder, the Cleveland Syndicate was free to move their assets more fully into Northern Kentucky's regional gambling experiments, facing only limited competition for unilateral control of the region's gambling and prostitution rings from tenacious independent operators like Peter Schmidt.

Schmidt's Glenn Hotel was more than a casual investment for the former bootlegger. He had spent his fortune and his time to build and then protect his establishment as prohibition waxed and waned. Once

⁵⁰ Laudeman, *Newport*, 5.

Americans repealed prohibition, he began to change his vision for the hotel. Schmidt noted a growing popular interest in gambling and worked to gain profit from his patrons' loss. He hosted a number of illegal games in the Glenn Hotel. Schmidt quickly discovered what Newport's many small-scale operators already knew. There was money to be captured from illegal gambling in Newport. Additionally, he found that he could run his casino virtually without fear of legal sanctions, provided he made the appropriate contacts within city and county governments. His bootlegging experience had provided him the opportunity to establish valuable friendships with some of Newport's key power brokers, and that would serve him well as he discovered early in his gambling career.

When Reverend Cleo pushed for prosecution and reform over the course of 1928 and 1929, the Glenn Hotel was among the establishments tagged by Mayor Fred L. McLane for investigation and potential closure. The proclamation brought McLane into direct conflict with Campbell County Court judge William C. Buten, one of Schmidt's "friends." Allegedly, Schmidt escaped the fate of a number of other gambling houses due to his connection with Buten. This reinforced both the reformer's belief that their local authorities were ineffective and corrupt, and Schmidt's

conviction that he could become an enormously wealthy man as a casino owner.⁵¹

After experimenting with his small casino in the Glenn Hotel, Schmidt began to envision a much grander casino that would offer the finest in entertainment, food, drink, and company. It was this ambition that brought him into direct conflict with the Cleveland Syndicate.⁵² He bought a nightclub located a few miles outside of Newport, known as the Old Kaintuck Castle. Using a considerable portion of his wealth, Schmidt remodeled the space and renamed it the Beverly Hills. When Moe Dalitz returned from the Atlantic City summit and began to scout new potential for the Cleveland Syndicate, he identified the Beverly Hills as a prime target for acquisition. Dalitz approached Schmidt with a proposition to purchase the Beverly Hills at what the Syndicate determined to be a fair price. The Northern Kentucky native refused the offer, and set off a series of events that would color Newport's history with blood and tragedy.⁵³

As word of Schmidt's stubborn refusal circulated among local criminals and Cleveland Syndicate men, many small-

⁵¹ "Politics is Seen as 'Lid' is Clamped on Gambling Dens," *Kentucky Post*, September 18, 1929.

⁵² DeMichele and Potter, "Sin City Revisited," 6.

⁵³ *Ibid.*, 6-7; Messick, *Syndicate Wife*, 11-13; Laudeman, *Newport*, 6. Barker, Potter, and Meglen., *Wicked Newport*, 37.

time hoods, eager to impress the Syndicate, began to hound the Glenn and Beverly Hills owner. Their intimidation tactics were largely a nuisance and on more than one occasion, Schmidt ejected local criminals for "ding-donging," or publicly urinating in the lobby of the Glenn Hotel.⁵⁴ The pranks turned suddenly sinister; however, when, in February 1936, the Beverly Hills caught fire and burned to the ground.⁵⁵ In the chaos of the blaze, the young niece of the property's caretaker died.⁵⁶ As Newport citizens sought to uncover the circumstances surrounding the fire, they determined that another Remus associate named Albert "Red" Masterson may have been responsible for the arson.⁵⁷

Masterson had, by 1935, already earned a criminal record and reputation for violence. First arrested ten years prior, and convicted of the theft of a gambling establishment, he served the first of two prison terms.⁵⁸ Upon his release, Masterson was again arrested in 1931. He successfully pled self-defense when charged with murder following a shoot-out at a local inn. He again escaped

⁵⁴ Messick, *Syndicate Wife*, 11-13.

⁵⁵ "Beverly Hills Burned," (*Louisville*) *Courier Journal*, February 3, 1936.

⁵⁶ DeMichele and Potter, "Sin City Revisited," 6-7; Henry J. Hosea, interview, Special Collections and Archives, Steely Library, Northern Kentucky University.

⁵⁷ "Investigation of Fire Ordered," *Kentucky Post*, February 4, 1936.

⁵⁸ Barker, Potter, and Meglen, *Wicked Newport*, 38-39.

murder charges in February 1935, when he claimed to have shot forty-year-old John Rosen in self-defense. Rosen, reported to be a former boxer and Chicago gunman, sat with another man in a parked taxi cab at 6th and Monmouth Streets on the evening of February 28, 1935. According to police reports, Masterson and Rosen's companion had an earlier argument about Masterson's efforts to keep outside gambling interests from establishing a presence in Newport. That evening, Masterson fired eight shots from his ".38 caliber snub-nose revolvers," striking Rosen six times, and killing him almost instantly.⁵⁹ When police arrived at the scene, Masterson still held the smoking guns in his hands.⁶⁰ With such a spotted criminal history, it came as no surprise when Masterson was linked to the 1936 Beverly Hills fire.

Official police reports indicated that the fire resulted from a malfunction in the still located behind the main building. In contrast to the police reports, a number of witnesses reported having seen Masterson purchasing large quantities of gasoline the night of the fire. Masterson had publicly expressed his desire to work for the Cleveland Syndicate, and may possibly have used the destruction of the Beverly Hills to prove his loyalty and

⁵⁹ Ibid, 39; Messick, *Syndicate Wife*, 11-13.

⁶⁰ Ibid.

to "make his bones."⁶¹ Witnesses also reported that Masterson's accomplice was burned while trying to light the fire. Since he could not seek treatment at the local hospital without creating suspicion, the unnamed accomplice retreated to the home of Masterson's friend, Dave Whitfield.⁶²

The little girl's death was apparently unintentional, and as word of the tragedy spread, it became apparent that the community would demand that someone be held accountable for her death. The police received an anonymous tip indicating that Whitfield had some connection with the affair. Newport police arrested him at his home and he was quickly convicted as an accomplice, and sentenced to a term in prison. Following his time in prison, the Cleveland Syndicate reportedly rewarded his loyalty by giving him a well-paid management position in one of their casinos.⁶³

Despite the significant loss of cash and property, Pete Schmidt refused to surrender his enterprise. He immediately reconstructed the Beverly Hills, designating it the Beverly Hills Country Club, and hosted an extravagant re-opening in April 1937 that boasted a guest list including governors and politicians from four states, as

⁶¹ Messick, *Syndicate Wife*, 11-13.

⁶² Ibid.

⁶³ Laudeman, *Newport*, 6.

well as key local authorities. By all accounts, the re-opening was a tremendous success. Regional newspapers reported in great detail the evening's events, the guests in attendance, and the new structure's architecture and décor. Schmidt's dream of a posh, lavishly apportioned casino was fulfilled in the opening of the restored Beverly Hills. Situated at the top of a sharply rising slope, the club's hosts welcomed guests as they navigated the half-mile long spiral drive, and arrived under the stately port cochere.⁶⁴

The exterior, designed to impress guests and flaunt Schmidt's tenacity before his competition, served as an apt preview of the opulence within. Schmidt's patrons entered his dream as they tread the posh blue carpeting special-ordered for the casino, and made their way to the circular bar in the cocktail lounge.⁶⁵ Should they wish to dine or enjoy the evening's entertainment following their cocktails, patrons could proceed to the large dining hall and show room where the stage would host some of the era's most renowned acts.⁶⁶ If games of chance were more to their

⁶⁴ Ibid., 7.

⁶⁵ Barker, Potter, and Meglen, *Wicked Newport*, 40; Ron Elliott, *Inside the Beverly Hills Supper Club Fire* (Paducah, KY: Turner Publishing Company, 1996), 18-20.

⁶⁶ Elliott, *Inside the Beverly Hills Supper Club Fire*, 17-26. The Beverly Hills frequently hosted such guests and entertainers as: Joe E. Lewis, Martha Raye, Guy Lombardo, the Andrews Sisters, Liberace, Dean

liking, Schmidt's clientele could enjoy the finest accommodations in the area. Located at the end of a long hallway, and flanked at its opening by oversized oak double doors, the casino offered unmatched luxury in the region. On entering through the double doors, gamblers were met by meticulously trained casino employees, who ensured that their patrons felt welcome and at ease to spend their money freely. Magnificent crystal chandeliers bathed the casino in dim, flickering light, reflecting the beauty of the hand-carved gaming tables and the richly patterned wallpaper that perfectly complemented the light blue and gilded gold leaf patterns throughout the casino. At the close of the re-opening celebration, it was clear that not only was Pete Schmidt's Beverly Hills not destroyed by the Cleveland Syndicate's intimidation efforts, but it was instead a more viable competitor.⁶⁷

Unable to tolerate such an obvious and damaging encroachment on their expanding territory and profit potential, the Cleveland Syndicate immediately engaged in plots to further harass Schmidt and his establishment. By the summer of 1937, only months after the grand re-opening, a number of armed men robbed the Beverly Hills Country Club

Martin, Frank Sinatra, Jerry Lewis, Shirley McLain, Milton Berle, Steve Lawrence, and Edie Gormet.

⁶⁷ Laudeman, *Newport*, 7.

of a tremendous reserve of cash. Schmidt, recognizing his inability to withstand further significant cash losses, sought to shelter his operations by hiring armed gunmen to protect the casino and its patrons from further harassment and intimidation. When those efforts failed to deter the Cleveland Syndicate, Schmidt contacted their competition in Toledo in an effort to buy security from the neighboring crime family. Over the course of three years, Schmidt tried to no avail to safeguard his investment from the ambition of the Cleveland Syndicate. When, in 1940, Schmidt found himself without hope and with waning resources, he acquiesced and agreed to transfer ownership of the Beverly Hills Country Club to the Cleveland Syndicate. The transaction was arranged by local attorney, Charles Lester, who would later play a significant role in the final days of Newport's gambling glory.

Lester had already earned an infamous reputation by this juncture. Throughout the late 1920s and early 1930s, Lester was at the center of the war on vice. Initially, Lester appeared as a champion for the cause of reform, working diligently to close Northern Kentucky's illegal gambling establishments.⁶⁸ He was regarded as something of

⁶⁸ "Lester Wins Permanent Padlock: Victory Scored by Newport Attorneys in Crusade," *Kentucky Post*, October 22, 1930; Cook, interview.

a local hero. Controversy erupted; however, when allegations of corruption began to swirl around the well-known and respected attorney.⁶⁹ As details emerged regarding the potential misappropriation his legal fees as well as alleged attempts to utilize his power to threaten casino owners in an effort to extort large sums of money, public opinion shifted.⁷⁰ This early brush with graft and illicit dealings prepared Lester for the course his career would take as he affected the course of Newport history. The newest chapter in Lester's criminal involvement began with his role as a broker of the Beverly Hills Country Club transfer.

The arrangement specified that the Beverly Hills would become the property of the Cleveland group, while Schmidt retained ownership of his Glenn Hotel. The retention of the hotel allowed Schmidt to hold fast to a small part of his dream, and secured him a place among the key figures who, like Charles Lester, would later usher in the undoing of Newport as the Sin City of the South.⁷¹

While Schmidt struggled to retain control of the Beverly Hills, another northern Kentucky local was striving

⁶⁹ "Graft Charge is Probed," *Kentucky Post*, October 6, 1930; "Decency Will Prevent Framing of Newport Attorneys in Vice Crusade," *Kentucky Post*, October 8, 1930; Cook, interview.

⁷⁰ "Lester Charged With 'Terpitude' in Court Action," *Kentucky Post*, January 12, 1932; Cook, interview.

⁷¹ *Ibid.*

to establish himself as a profitable casino operator. Jimmy Brink was a Cincinnati native who began his criminal career as a bootlegger in partnership with his father during the prohibition era. Like Schmidt and the Cleveland Syndicate, Brink saw the repeal of prohibition as an opportunity to develop new and increasingly lucrative ventures in gambling. Brink purchased the Lookout House in 1933. The Lookout House was an intriguing structure, located atop a hill in neighboring Covington in Kenton County, Kentucky.⁷² The building stood over a series of catacombs that had been constructed and utilized during the pre-Civil War era as a part of the Underground Railroad. According to regional records, the owners of the building located at the site during the ante-bellum period harbored slaves fleeing to the north and aided them as they navigated the system of catacombs and tunnels that traveled the four miles to the Ohio River.⁷³

⁷² Messick, *Syndicate Wife*, 14-15. Covington, Kentucky is located across the Licking River from Newport on the southern bank of the Ohio River. Newport is situated in Campbell County. As previously discussed, the criminal element developed extremely successful methods to evade prosecution during this period. Perhaps one of the most frequently used tactics was the practice of closing operations in one county while a grand jury was in session in order to thwart attempts to gather evidence against gamblers. At the same time, neighboring counties could remain in business, limiting the loss of revenue. The presence of the Beverly Hills Country Club in Newport (Campbell County) and of the Lookout House (Kenton County) allowed patrons the option of upscale gambling even during grand jury sessions.

⁷³ *Ibid.*

Following Brink's purchase of the property, the Lookout House enjoyed considerable popularity and it competed with the Beverly Hills in terms of the amenities it offered patrons. The large building housed a number of small, intimate cocktail areas, a large dining room, and a casino known for its expansive picture windows framing the skyline of neighboring Cincinnati. Brink's success with the Lookout House aroused the ire and attention of reform-minded citizens and law enforcement, and in April 1938, he faced indictment for 45 counts of illegal gambling. Brink found, much like his predecessors had, that local authorities were hesitant to enforce anti-gambling laws, and consequently, the injunction failed to halt gambling activity at the Lookout House. This was due in part to the refusal on the part of some local officials to enforce the injunction, but probably more importantly, to the intimidation and assault of two grand jury witnesses who then declined to testify.⁷⁴ With the threat of closure no longer an issue, the Lookout House returned to business as usual under Brink's ownership for a brief period. That would come to an end when the Cleveland Syndicate approached Brink with an offer to purchase the Lookout House. The casino held considerable appeal for the

⁷⁴ Ibid.

Cleveland organization. Not only was it tremendously popular and profitable, but it was also located in Kenton County, adjacent to their Beverly Hills Country Club holding in Newport in Campbell County. As earlier gambling operators had established, Kentucky grand juries upheld a tradition of only considering evidence gathered while the jury was in session. Effectively, this allowed vice traders to close operations in that county while the grand jury convened, making it almost impossible for investigators to successfully substantiate claims of illegal gambling.

As the 1930s came to a close, Newport gambling enticed yet another crime family to its rapidly expanding vice industry. The Levinson brothers arrived in Newport following their involvement in organized crime in Detroit. Originally from Chicago, Ed, "Sleepout" Louis, and Mike Levinson gained valuable experience managing casinos in Detroit for Meyer Lansky's New York crime syndicate. The three brothers used both their experience with casino management and their connections with Meyer Lansky to move swiftly and unceremoniously into the Newport gambling scene. As a mastermind of the powerful national syndicate Murder, Inc., and a key figure behind the restructuring of national crime syndicates, Lansky's involvement in Northern

Kentucky's gambling was significant. Renowned for his business-like approach to criminal activity, the crime head ensured that his representatives in Newport matched the Cleveland Syndicate's professionalism and commitment to maximizing profit while minimizing risk. The brothers did so by identifying and acquiring attractive properties. They gained control of the Flamingo/633 Club almost immediately following their arrival. Previously owned by local Art Dennert, the Flamingo Club casino was among the finest casinos in Newport's downtown strip. The building was designed, as many of Newport's clubs were, with a restaurant and bar in the front of the facility. Large doors separated the legitimate bar area from the illicit casino which operated under only lightly veiled secrecy, behind the perpetually closed doors. The casino boasted an enormously successful book that also accepted bets behind the closed doors. The Flamingo's established profitability made it extremely attractive to the Levinsons, who moved to gain control of the property without the charade of negotiations that Schmidt and Brink had enjoyed. Mike, Ed, and "Sleepout" Louis Levinson simply intimidated their way into ownership of the Flamingo club.⁷⁵

⁷⁵ Laudeman, *Newport*, 11.

With the Levinson's acquisition of the Flamingo Club, Newport gambling had evolved into a form of business that even the local bootleggers couldn't have predicted as they plotted their fortunes throughout the 1920s. The influx of cash and interest from large urban syndicates created casinos with luxury and panache that appealed not only to the regional elite, but also to the wealthy and powerful from across the nation. They were drawn to the full array of casino games as well as the lavish stage productions and headlining acts that came to epitomize Northern Kentucky's syndicate operations. Alongside those establishments, local clubs slowly grew throughout the 1920s and 1930s, often catering to blue collar citizens with their straightforward, no-frills approach to wagering and collecting money from unsuspecting gamblers. Both the Cleveland Syndicate and its New York counterpart watched with interest as local clubs gained popularity, and as they entered the next decade they would seek opportunities to capitalize on blue collar wagers, as well. This set the stage for a decade of competition and tension between local operators and syndicate bosses as they scrambled to capture the streams of profit that gambling and prostitution produced. Meanwhile, reform, crippled throughout the 1920s and 1930s by unsympathetic law enforcement and community

apathy, would continue to witness powerlessly the negative consequences of wide-open illegal gambling in Northern Kentucky. The region emerged from the Prohibition Era with the establishment of organized vice networks and ambitious local independents poised to invest their fortunes and their very lives to get their share of a vice explosion.

CHAPTER THREE:

1940-1949: "Craps for the mystics, blackjack and poker for the scholars, roulette for the ladies, slots for the feeble-minded, and drinks on the house"¹

The 1940s would usher in unprecedented vice and violence in Newport. Though the scope of crime and the brutality with which rival factions contested each other for its control was unusual for the region, it was not uncharacteristic for national criminal activity during the period.² Following the establishment of clear jurisdiction among the major criminal organizations during the 1920s and 1930s, criminal networks flourished as never before. As Meyer Lansky and Charles "Lucky" Luciano had envisioned, organized criminal networks collaborating rather than competing for limited resources were shaping the nature of vice across the nation. Having assumed responsibility for specific regions of the country during the 1929 Atlantic City Summit, the most significant crime families, including the Cleveland Syndicate, focused their resources on the development of new enterprise and strengthened their existing investments. The spirit of cooperation proved more powerful than had the feuds of the past; however, there remained a tenuous balance in some instances between

¹ John Skow, "No Dice in Arkansas," *Saturday Evening Post* 237, no. 22, September 19, 1964, 78.

² Collie Small, "The Town Without a Lid," *Saturday Evening Post* 219, no. 3, July 20, 1946, 22-23.

rival factions, and violence between criminal organizations was not eliminated altogether.³

This was best exhibited at the national level by the deliberations during the 1946 and 1947 Havana Conferences. Called by Meyer Lansky and Lucky Luciano, the first of the two was a weeklong retreat at the Hotel Nacional de Cuba. Luciano and Lansky held joint ownership in a number of Cuban casinos, sanctioned by Cuban president General Fulgencio Batista, who naturally received a portion of the casino profits. Enticing the heads of most of the major national crime organizations to Cuba with the promise of a performance by Frank Sinatra, Luciano instead addressed three key issues facing national crime syndicates. He dealt rather quickly with the issues of the heroin trade and Cuban gambling, but drew considerable discussion when he broached the topic of Bugsy Siegel. Siegel, who was unaware of the nearly week long meeting, had borrowed considerable funds from various crime families in order to finance his as yet unprofitable experiment in Las Vegas. While many of the crime bosses, including Lansky, wanted to extend Siegel more time to produce results with his Flamingo Las Vegas casino and hotel, many had lost patience

³ Henry J. Hosea, interview, Special Collections and Archives, Stealy Library, Northern Kentucky University.

with the deal and pushed for Siegel's murder. Finally agreeing to give Siegel a bit more time to prove himself, the crime bosses granted Siegel's reprieve. The group reconvened during March of 1947, following a disappointing opening of the Flamingo over Christmas 1946 and reopening in the spring of 1947. With little to show for his endeavor, Siegel was determined to be a risk to the business of organized crime and gambling and so was assassinated in June 1947. While the consequences for failure among the criminal network were harsh, the crime syndicates proved true to their purpose. They were designed to maximize profit and minimize loss, and where they saw opportunity they could be ruthless in its pursuit. Likewise, where they recognized declining good fortune, they severed those connections. That clear-sighted practicality was particularly valuable as they addressed the fluctuating American economy during the 1940s.

As the decade opened and the country faced the difficult realities of the war years, casino operations struggled to maintain the revenues they had begun to collect at the close of the 1930s. With the conclusion of World War II, and the onset of the post-war economic boom, the networks and systems that the syndicates had fashioned in the prior decade came to deliver both tremendous value

to citizens interested in gambling and phenomenal profit for the crime organization. The Cleveland Syndicate would cater in Northern Kentucky, as did their contemporaries in other regional gambling centers, to their patrons' desire for lavish entertainment. In the prosperity and victory culture that epitomized the second half of the decade, casinos offered more than gaming tables, they created an experience that many Americans, flush with expendable income and a general sense of optimism, were willing to purchase.

Having established criminal networks capable of supporting wide-scale gambling systems, vice traders rightly viewed the future with optimism, in spite of a host of potential stumbling blocks that could have derailed their hope of ever-increasing profits. Gambling in Northern Kentucky would enjoy popularity and profitability in the face of increasing competition between local operators and syndicate bosses, the resulting violence bred by that competition, lean war years, and rising public scrutiny of the corrupt politicians and police who were so critical to the success of wide-open illegal gambling.⁴ In short, the 1940s proved to be boom times for Newport casinos, producing terrific wealth, fantastic stories about

⁴ Hosea, interview.

gangland shootouts on the public streets, and a number of larger-than-life local characters who would stand up to the syndicates and stand out in Newport history. While the casinos reveled in the good times, area reformers continued to struggle, unsuccessfully, to hold local officials accountable for the just application of state and local laws. Their ineffectiveness would render their cause virtually irrelevant to the casino owners and corrupt local officials, who largely viewed their complaints as a nuisance to be tolerated and skirted when possible. This was Northern Kentucky in the post-Prohibition period, still awkwardly juggling the dual interests of sin and sanctity, as the money rolled in.

As the popularity of casino gambling expanded in Northern Kentucky during the period 1940-1949, the industry began to specialize. Realizing that there was money to be taken from gamblers of all socio-economic backgrounds, casino owners sought to tailor their clubs to the tastes and preferences of their particular clientele. In general, there emerged three types of clubs in Northern Kentucky. "Sawdust" and "Bust-out" joints were typically owned and managed by locals who relied on the patronage of lower-middle class and blue collar workers for the majority of their business. Both sawdust and bust-out joints were

designed to collect money with the smallest amount of investment possible on the part of the owner. Sawdust joints were generally very small and sparsely furnished, offering a limited number of games that were designed to fleece unsuspecting gamblers. Bust-out joints, on the other hand, more closely resembled larger casinos, but were still noticeably less polished and respectable than the more upscale syndicate "carpet" joints. Bust-out joints frequently offered bar girls as an enticement for gamblers. Bar girls were paid to dance and often for prostitution, though their fees were markedly higher than those of women who worked in area brothels. Both sawdust and bust-out joints were known for running rigged games, designed to stack the odds overwhelmingly in favor of the house. This all stood in contrast to the lavishly decorated, and carefully monitored gambling environments found at the larger, syndicate-operated carpet joints, such as the Beverly Hills Country Club or the Lookout House.⁵

⁵ Jack and Edie Cook, interview by David Payne, February 8, 1980, Special Collections and Archives, Stealy Library, Northern Kentucky University; Malcolm Rhoads, interview by Hank Messick, Special Collections and Archives, Stealy Library, Northern Kentucky University; *The Commonwealth of Kentucky v. Broering*, 35549 (Campbell County Circuit Court, 1961), Special Collections and Archives, Stealy Library, Northern Kentucky University; Thomas Barker, Gary Potter, and Jenna Meglen, *Wicked Newport: Kentucky's Sin City* (Charleston, SC: The History Press, 2008), 51.

Having secured the Beverly Hills Country Club and having seen its profit potential, the Cleveland group began to evaluate ways through which they could increase their northern Kentucky holdings. They had watched carefully and with interest as Jimmy Brink evaded prosecution for gambling in the late 1930s. With the Lookout House safely back in business, they sought to begin negotiations for the acquisition of that property, as well. As reasonable businessmen, the mob would prefer to buy the property with minimal hostility over the terms of the purchase. However, as Pete Schmidt could attest, if Brink failed to respond to their "reasonable" offer, the Cleveland Syndicate was more than willing and capable of moving the negotiations ahead through threats and violence. Possession of the Lookout House would secure for the Syndicate absolute control of upscale gambling operations in Northern Kentucky. Holding both the carpet joints in the area ensured that the Cleveland Syndicate could avoid a complete loss of profit during grand jury sessions. Kentucky law specified that grand jury sessions were scheduled by county over the course of the year. That schedule was available in advance, so casino owners planned a hiatus during those times, often hiding equipment to avoid police seizure, and

would reopen as the grand jury session came to a close.⁶ The restaurants and cocktail lounges remained in operation, but the gaming tables were stored and casino halls were closed and locked. With those precautions in order, grand jury investigations failed to produce evidence of gambling. By Kentucky tradition, grand jury investigations only gathered evidence while the jury was seated. Therefore, when the grand jury was in session in one county, neighboring counties were protected from investigation and free to continue illegal gambling without fear of consequence. This system had allowed for earlier gamblers and bootleggers to evade prosecution. The Cleveland Syndicate intended to simply continue the scheme that the small-time bootleggers had established twenty years prior. What they achieved; however, far exceeded anything their predecessors accomplished, was marked by arrogance, and conducted on a scale that not even the king of bootleggers, George Remus, could have predicted. By seeking to control both the Beverly Hills Country Club and the Lookout House, the Syndicate could effectively operate without interruption and without regard for or intimidation by

⁶ "Café Is Closed Mysteriously As State Officials Arrive to Investigate in Newport," *Kentucky Post*, May 4, 1943; Associated Press, "Slot Machines Run Faster Than Campbell Deputies," (*Louisville*) *Courier-Journal*, October 1, 1943.

either state or local authority.⁷ The reward for such brazen disregard of the law would be extremely lucrative for the Syndicate. It would ensure millions in income and the gradual monopolization of power and control of the vice district. With the promise of wealth and power in sight, the Syndicate approached Brink to sell the Lookout House.

Having witnessed the struggle between the Syndicate and Pete Schmidt throughout the 1930s, Jimmy Brink was aware of the lengths to which the Syndicate was willing to go in order to achieve their goals. Brink was not interested in facing similar intimidation and harassment, only to lose his club. So, when the Syndicate dispatched Sam Tucker to enter into discussion with Brink regarding the potential purchase of the Lookout House, they found him resigned to the notion and willing to strike a deal. The Syndicate had designated Tucker as the manager of their Northern Kentucky holdings. Tucker moved to Covington, purchased an estate near Brink's, and focused considerable energy on enmeshing himself in the community. With the full confidence of the other three members of the Cleveland Four, he was able to speak for the Syndicate with authority, and negotiate a quick transfer of the property.

⁷ Jeff Laudeman, *Newport- The Real Sin City* (n.p.: JSL Publishing, 1997), 10.

Brink accepted a generous Syndicate offer, and Tucker oversaw the execution of the details.⁸

Brink received a flat fee of \$125,000 for the sale of the Lookout House. In addition, he was allowed to retain a minority partnership of 10% of the Lookout House along with 10% of the Beverly Hills Country Club. The Cleveland Four had discovered through their earlier experiments in the Cleveland area that their gambling operations remained more popular and maintained greater profits when they were able to retain a local as the front man manager. Consequently, Brink benefitted from that experience, as the Syndicate proved very willing to be generous and loyal to locals who agreed to their terms and to remain in management roles.⁹

Initial Syndicate examination of Lookout House operations indicated that Brink had established a consistently profitable carpet joint, though it was not producing as well as it had in the 1930s. The Syndicate; however, was not satisfied with consistently profitable. Newport, and consequently its entertainment venues, had long benefited from heavy traffic. An estimated one million visitors annually came to Newport in the years

⁸ Ibid.

⁹ *The Commonwealth of Kentucky v. Broering*, 35549 (Campbell County Circuit Court, 1961), Special Collections and Archives, Stealy Library, Northern Kentucky University; Barker, Potter, and Meglen, *Wicked Newport*, 42.

before America entered World War II. Tourism would again rise to pre-war estimates following the end of the conflict; however, the war years were particularly lean for Northern Kentucky's casinos. The casinos relied on the conventions that came to Cincinnati for a significant portion of their patronage, and wartime travel restrictions sharply reduced that source of income.

In an effort to combat the detrimental effects of the wartime economy, they sought to streamline and enhance club management in order to maximize profits and efficiency. In support of this endeavor, the Syndicate enlisted two consummate professionals within gambling circles: Alvin Geisey as the Lookout House's accountant and Sam "Gameboy" Miller as the manager of the daily casino operations.¹⁰ Miller had extensive experience in casino administration, having developed national racing wire services and controlled a number of syndicate casinos in Cleveland with the assistance of his brother-in-law, "Mushy" Wexler. When the Cleveland group brought Miller to Newport in 1944, he was tasked with determining cost-cutting strategies and tightening up casino operations to eliminate problems with casino personnel cheating. Best known for carrying a

¹⁰ *The Commonwealth of Kentucky v. Broering*, 35549 (Campbell County Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; Barker, Potter, and Meglen, *Wicked Newport*, 43.

blackjack on the casino floor to discourage either personnel or patrons from shorting the casino bosses, Miller returned the casino to its former prosperity by 1946.¹¹

With operations at the Beverly Hills Country Club well in hand, and with Geisey, Miller, and Brink cooperating to improve the Lookout House, the Cleveland Syndicate was free to evaluate other opportunities for expansion in Northern Kentucky. Tucker reported that the many locally-owned casinos routinely attracted significant numbers of gamblers who might not feel comfortable in the more elaborate carpet joints. Recognizing lost profit, the Syndicate tasked him with identifying potential opportunities and threats to expansion.¹²

They determined that the Yorkshire Club, located at 518 York Street in Newport, was an ideal investment. Owned and operated by Martin and Joe Berman, the Yorkshire casino was housed in a three-story brick building. The Bermans assumed the last name Miller when they left New York and moved to Newport during the Prohibition era. The two shared ownership with Jimmy Brink, who also held a small portion of the Yorkshire. The club, approximately 75 feet

¹¹ Laudeman, *Newport*, 16.

¹² *Ibid.*, 11.

wide and over 100 feet long, boasted rich, plush carpeting, and not only had casino operations that resembled those at either the Beverly Hills Country Club or the Lookout House, but also had a wildly successful handbook. The Yorkshire's location in downtown Newport, its popularity and profitability made the club extremely attractive to the Cleveland Four. Brink's association with the Yorkshire undoubtedly eased the negotiations regarding the transfer of the Yorkshire, given his preferential status with the Syndicate following the Lookout House sale. The Cleveland Four obtained the Yorkshire Club in 1944, and immediately reorganized to maximize revenue. Their efforts proved successful. The Cleveland Syndicate reported paying \$200,000 a month in social security taxes on the Yorkshire. While that tax burden was significant, it was clearly offset by the staggering income it produced. When investigated by the Kefauver Committee during the early 1950s, the Yorkshire Club management testified that they routinely collected \$2 million in bets each month.¹³

So successful were the early Syndicate-owned properties that the crime families continued to seek new opportunities for expansion, and local entrepreneurs rushed to open similar establishments, particularly in downtown

¹³ Barker, Potter, Meglen, *Wicked Newport*, 44.

Newport. This was a problem for the Syndicates, not because they feared the competition, but because they understood that the sheer scope of the growing vice markets made it difficult for law enforcement to overlook, even when they were corrupt and bribed.¹⁴ Additionally, they didn't like the fact that those smaller casinos were primarily bust-out joints. Some even ran rigged games. The crime families from Cleveland and New York knew from experience that rigging games wasn't necessary in order for the house to win. The probability of the house winning was overwhelming if allowed to play out honestly on all traditional casino games. But, a number of the smaller, locally run bust-out joints didn't trust the odds to deliver profits large enough to satiate their greed. While a few ran games that were honest, though weighted totally in favor of the house, many bust-out joints rigged roulette wheels and craps tables in order to guarantee their profit. This type of operation frustrated and threatened syndicate managers, who knew they could earn a significant return running honest games, and that rigged games drew additional unwanted attention from local law enforcement. Organized crime bosses had discovered through their experiences with

¹⁴ "No Complaints of Gambling, Sheriff Says," (*Louisville*) *Courier-Journal*, April 11, 1944.

large urban gambling rings in New York and Chicago, as well as through their regional gaming centers in Hot Springs, Arkansas and Miami, Florida that long-term success depended upon striking a comfortable balance between success and obscurity. Should their operations attract too much attention, they risked prosecution. The surest way to attract negative attention was to blatantly stack odds against the gambler, and in their greed too aggressively fleece their patrons.¹⁵ While the syndicates resisted the growth of dishonest, locally-owned casinos, they pushed ahead with their own ambitions to expand into the downtown strip.

Among the Cleveland Syndicate's targets for expansion, the Merchants Club, located on Fourth Street in Newport, paled slightly when compared to their other investment, the Flamingo Club. A substantial, if somewhat shabby, three story building, the Merchants Club casino consisted of craps, blackjack, and roulette tables, as well as approximately 15 slot machines. The operation was expanded during weekend hours to increase the available gaming tables, and consequently, the profit. The Cleveland Four

¹⁵ Cook, interview; Small, "The Town Without a Lid," 22-23, 101; Skow, "No Dice in Arkansas," 78-79; Homer A. Jack, "'Ice' Over Miami," *The Nation* 171, no. 8, August 19, 1950, 164-165; Kentucky Governor Bert Combs, interview by Hank Messick,, Special Collections and Archives, Stealy Library, Northern Kentucky University; Rhoads, interview.

assigned Albert "Red the Enforcer" Masterson as the club's manager. "Red" Masterson, an earlier associate of George Remus during the bootlegging years, was also implicated in the 1936 fire at the Beverly Hills Country Club. Having proven himself to the Cleveland mob as a loyal operative worthy of their trust and patronage, "Red" was rewarded with his role at the Merchants Club and as the peacekeeper for the syndicate. In that position, Masterson was required to resolve local arguments before they became an issue for the upper levels in the Cleveland mob. His mediations were often conducted in back rooms of the Merchants Club, consequently the club gained additional prestige and influence.¹⁶ The Cleveland group modeled this system of resolution for minor issues prior to their escalation into violence after Luciano's national criminal commission. Having witnessed the increased productivity that resulted from criminals deferring their petty arguments to an arbiter rather than engaging in unnecessary bloodshed, the Cleveland Four created a smaller version of the commission in their regional vice locations. Their leadership in this arena helped establish their dominance and renown in Northern Kentucky.

¹⁶ The Commonwealth of Kentucky v. Broering, 35549 (Campbell County Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; Hosea, interview.

As the downtown syndicate clubs gained notoriety, local entrepreneurs moved to capitalize on what appeared to be an almost limitless supply of gamblers willing to lose money in Northern Kentucky. Pete Schmidt was among those who saw the potential for locals to share in the success the Cleveland Four and the Levinson brothers enjoyed. Having already grappled with the Cleveland Syndicate over the Beverly Hills Country Club, Schmidt held a tremendous advantage over many other hopeful local operators. He also benefited from a streak of luck.

Schmidt had opened his Glenn Schmidt Hotel in the mid-1930s, though the place had been largely neglected and had fallen into disrepair during the struggle over the Beverly Hills. The hotel was located at 928 Monmouth Street in Newport. Monmouth Street was rapidly becoming one of most promising venues for casinos, and Schmidt held a prime site. The hotel was a large, three story building. Schmidt closed the site briefly, then reopened in the summer of 1941, showcasing casino operations on the second floor and a bookie on the third. Though it did not compare to either the Flamingo or the Yorkshire casinos with regard to style or ambiance, Schmidt's Rendezvous proved to be a highly lucrative venture for the Newport native. The Glenn Rendezvous attracted large crowds to wager in the games it

offered. Recognized as a bust out joint, the Glenn Rendezvous ran games of chance that were strongly weighted in the casino's favor. Unlike many of the other bust-out joints that opened in the 1940s, the Glenn Rendezvous did not resort to running games that were rigged; however, the odds of winning were stacked overwhelmingly against the gambler. Razzle Dazzle was one of the more infamous, and popular, games of that nature. The Glenn regulars lost countless fortunes playing Razzle Dazzle, a dice game imported from Cuba.¹⁷ Players of Razzle Dazzle bet on six dice that were spun in a metal cage. With each spin of the cage, players were forced to double their bet in order to remain in the game. Each spin promised a big win, and each spin delivered real disappointment.¹⁸

With the success of the Glenn Rendezvous, aspiring local operators moved to take advantage of the available opportunities. Among those was another independent and infamous local named James "Big Jim" Harris. Harris opened his Stork Club at 613 Monmouth Street in Newport, the

¹⁷ When Lucky Luciano established himself in Cuba following his exile from the country prior to World War II, the connections between American vice lords and Cuban tourism and casino gambling developed rapidly. Enjoying some protection from the Cuban president, Luciano effectively manipulated American organized crime from his exile, while simultaneously developing the casino and entertainment industries in Cuba. Consequently, American syndicate casinos and their Cuban counterparts shared and exchanged strategies and popular games during the 1940s. Razzle Dazzle was among those.

¹⁸ Barker, Potter, and Meglen, *Wicked Newport*, 45.

second of his two casinos, during the 1940s. His other casino was located on the Licking Pike in neighboring Wilder, Kentucky. Named the Hi-De-Ho Club, the Wilder location was part casino, part brothel, and enjoyed tremendous popularity and success. Patrons of the Hi-De-Ho Club enjoyed their drinks and wagering on either of the first two floors, while they could purchase female companionship on the third floor. Harris had chosen the Wilder location primarily because it allowed him to prosper from both illegal gambling and prostitution, with little fear of interference from local law enforcement. He could be certain of that primarily because he was the Marshall for the town of Wilder. This sort of audacity both amused and horrified local residents, who were becoming more and more tolerant of the growing vice trade in and around Northern Kentucky by this point.¹⁹

Harris's Hi-De-Ho Club was certainly not alone in offering prostitution as a pastime for Newport gamblers. Beginning with the town's founding, the two forms of vice were traded together and to some degree dependent upon each other for success. The 1930s brought an increasing organization of Northern Kentucky's prostitution, similar to that of the gambling industry. By the early 1940s;

¹⁹ Cook, interview; Laudeman, *Newport*, 13.

however, prostitution and gambling had reached a new level of availability and visibility. Neither were legal, yet both were tolerated by Newport citizens and local officials. Patterns of consumption for prostitution, much like casino gambling, in Newport were influenced by the city's system of one-way streets.

As many Northern Kentuckians went to work in the morning, they crossed the Ohio River into Cincinnati via Monmouth Street. Consequently, brothels located along Monmouth Street were known as "day houses" because they opened during the morning hours and through lunch to accommodate and service the traffic heading into the city. As Northern Kentuckians returned home from work in the evening, they followed the one-way York Street back across the river into Kentucky. Brothels located adjacent to or on York Street became known as "night houses" as they opened during the late afternoon and remained open throughout the evening. Prostitution became so widespread during this period that police estimates indicated approximately three hundred women serviced the less than one square mile of Newport's downtown strip. By the late 1940s, prostitution was practiced as brazenly as gambling

with no fewer than nine brothels within two blocks of the municipal government and police buildings.²⁰

The casinos and brothels in Newport grew exponentially during the 1940s, and they did so, in part, because there was no shortage of interested customers. Visitors to Cincinnati would certainly not have to search for illicit entertainment, if that happened to be their desire. The casinos were open and taking bets without trepidation along Monmouth and York Streets. Local newspapers ran advertisements for the bars and casinos, so out of town guests could choose their venue before they ever left their Cincinnati hotel. Newspaper announcements helped the casinos thrive, but word of mouth often proved the most lucrative form of advertisement. The brothels, in particular, created ingenious partnerships with Cincinnati cab drivers in an effort to maintain a steady stream of patrons. Once the casinos discovered how profitable that partnership was, a few of them joined the brothels in striking a similar arrangement. When a passenger hailed a cab in Cincinnati and asked for suggestions for either a casino or a brothel, the cab driver would funnel the patrons to certain establishments. Those proprietors

²⁰ Christian Seifried, interview by author, Newport, KY, January 25, 2002; "Slot Machines Were Operated Near Courthouse," (*Louisville Courier-Journal*, December 2, 1943).

agreed to share with the cab driver 40% of the profit gained from that particular customer. This profit-sharing scheme was mutually beneficial for the cab drivers as well as the vice peddlers, and it kept the casinos and prostitutes bustling with new customers.²¹

While "Big Jim" Harris made his move in Wilder and on the Newport strip, Pete Schmidt once again gained the attention of the Cleveland Four. In 1943, Schmidt found himself with an unlikely partner in his struggle to remain free from syndicate control. Attorney Charles Lester, who had previously represented the interests of the Cleveland Four against Schmidt during the struggle for control of the Beverly Hills, chose to break his ties with the syndicate and work with the local operators instead. Lester was aware of Schmidt's ambition and determination to gain power and wealth in the local gaming industry, and so he consulted with the Glenn Rendezvous owner to create a partnership in their resistance to the national syndicates. They both understood that task to be a difficult one, as many of the areas police, lawyers and judges were on the Syndicate payroll. With that in mind, the two devised a plan to circumvent that fact and to cripple the syndicate's profit, and they sought action in September 1943. During

²¹ Christian Seifried, interview by author.

that month, regional legal issues were scheduled to be heard by an alternate, visiting judge as the local, syndicate controlled judge was out of town.²² Hoping to capitalize on the presence of a non-syndicate adjudicator, Lester, and his co-complainant, deputy attorney general, Jesse Lewis²³, filed a civil suit that identified ninety-two individuals as connected with the Cleveland Syndicate. Additionally, Lester and Lewis called for an injunction to compel local officials to enforce the state's gambling laws. The two attorneys convinced a judge in a neighboring county to issue a restraining order against illegal casinos and to order the Newport police to raid and confiscate any gambling paraphernalia found therein. Their next actions were necessarily swift and decisive. Lester delivered the injunction and oversaw the formation of police raiding parties with all haste. As a result, the raids were in motion before all the casinos received a warning. Lester himself accompanied the police as they raided syndicate operations such as the Beverly Hills Country Club, the Merchants Club, and the Yorkshire. They also raided the

²² Hank Messick, *Syndicate Wife: The Story of Ann Drahmman Coppola* (New York: The Macmillan Company, 1968), 17-18; Associated Press, "Says Jurist Disqualified to Hear Cases," (*Louisville*) *Courier-Journal*, September 25, 1943.

²³ Messick, *Syndicate Wife*, 17-18. Lewis was, by all accounts, entirely unconnected to Lester or any of the syndicate operations. In fact, he appears to have been an honest, and wholly law-abiding public servant.

Glenn Rendezvous, apparently in the hope that doing so would confuse the Syndicate and keep them from discovering Pete Schmidt's connections with the raids. Having, quite obviously, been made aware of the pending raids ahead of time, Schmidt had hidden much of his equipment, and so managed to escape the day with only minor losses. Syndicate clubs, conversely, were faced with \$100,000 worth of equipment seized, and five employees arrested on gambling charges.²⁴

Lester's victory was short-lived; however, as the syndicate was quick to assess the situation and retaliate. In a matter of days, corrupt Campbell County officials cooperating with municipal officials ensured that the equipment was returned to the casinos, the arrested and indicted syndicate operatives were excused from facing trial, and business was back to normal.²⁵ As a testament to the control exercised by vice by this time, all five indicted criminals were not only excused from the charges, they were elected to public office the following year.²⁶

²⁴ Allan M. Trout, "High Officials Among 92 Named in Suit," (*Louisville*) *Courier-Journal*, September 22, 1943; "Clubs Raided in Newport: Gambling Devices Taken," (*Louisville*) *Courier-Journal*, September 24, 1943.

²⁵ "Beverly Hills 'Slots' Back: Paper Charges Machines Doing Big Business," *Kentucky Post*, September 28, 1943; Messick, *Syndicate Wife*, 17-18.

²⁶ Barker, Potter, and Meglen, *Wicked Newport*, 54.

Despite the failure of Schmidt and Lester's scheme to genuinely damage their syndicate competition, the two remained committed to that goal. They would partner until the eventual clean-up of the syndicate gambling operations in the 1960s, with Lester playing a particularly significant role in the closing days of Newport's golden era of illicit gambling.

While Schmidt and Lester's partnership was wreaking havoc for the syndicate gaming interests, two brothers from Eastern Kentucky also stirred tensions between the locals and the syndicates. Rip and Taylor Farley originally hailed from the very rural Clay County, in the hills of Eastern Kentucky. The brothers arrived in Newport during the Prohibition Era, working for one of the many bootlegging schemes located in Northern Kentucky during the period. Following the repeal of Prohibition, Taylor Farley financed the opening of a small brothel. When he failed to gain much success as a brothel owner, Taylor sought additional income, accepting a job working under the direction of "Sleepout" Louis Levinson at the Flamingo Club. This arrangement worked well for both Levinson and Taylor Farley, until his brother, Rip, made a serious error in judgment. Rip, operating under the misguided impression that his brother held significant influence with the New

York Syndicate, entered the Yorkshire Club on February 18, 1946, armed with a pistol and a very bad idea. He robbed a dealer of relatively paltry \$2500, though the amount was largely irrelevant. Stealing from a syndicate casino in 1940s Newport simply was not tolerable. Rip Farley may as well have stolen a million dollars; the penalty was sure to be swift and serious.²⁷ Four days later, as the Farley brothers exited the Flamingo Club, the Syndicate meted out their brand of justice in the face of local defiance. As the large black car, presumably driven by a syndicate operative, approached the brothers, a voice called out "Taylor!" He turned toward the car to see his brother, Rip, receive a fatal shotgun blast. Within moments, a second slug from the sawed-off shotgun struck Taylor's chest. Remarkably, Taylor survived the shooting. His testimony was a key portion of the police investigations that followed.²⁸ He would go on to a near full recovery, later running the 345 Club for the Bridewell Brothers.

Thanks in part to Taylor Farley's description of the evening, police were able to identify the shooter as syndicate pawn Danny Meyers (nee Aaron Meyervitz). His loyalty to the syndicate seemed secure based upon his

²⁷ "Rip Farley Robbery," (*Louisville*) *Courier-Journal*, February 18, 1946.

²⁸ "Murder," (*Louisville*) *Courier-Journal*, February 22, 1946.

willingness to kill for the mob. Unfortunately for Meyers, the syndicate-ordered assassination of the Farley brothers attracted too much attention from the local authorities. With police investigations probing into the syndicate's involvement in the case, the Cleveland Four could not afford the possibility that Meyers might reveal too much and jeopardize their position in Newport. As they had in countless other instances, syndicate leaders were swift to act and merciless in their methods when forced to protect their investments. Much like Bugsy Siegel's assassination at the hands of the national crime bosses when he risked too much and threatened to damage the larger crime interests, Meyers's continued involvement in syndicate operations proved too perilous, and his fate was sealed. Meyers's body was found, with a fatal gunshot wound to the back of the head, two days after the Newport shooting. He was discovered in a parking lot in Pittsburgh, Pennsylvania, sitting in a stolen car from a Cincinnati used car dealer.²⁹

While the murders of Rip Farley and Danny Meyers, and the attempted murder of Taylor Farley, created a wave of

²⁹ "Check Into Hidden Motives of Newport Gang Murder, Judge Directs Grand Jury," *Kentucky Post*, May 7, 1946; "Grand Jury Begins Inquiry Into Newport Gang Murder," *Kentucky Post*, May 11, 1946; "Red Masterson Shot," (*Louisville*) *Courier-Journal*, August 5, 1946; Messick, *Syndicate Wife*, 22-24.

alarm in Newport, it did not arouse protest sufficient to suppress illegal gambling for the foreseeable future. Similar violence was becoming a part of life in Newport. The local newspapers routinely reported shootings and fatal stabbings, indicating just the sort of disorder that reformers would decry and fight unsuccessfully as the courts seemed unwilling to effectively enforce the law or punish the criminals.³⁰ Instead, major breaches of civil, state and federal codes were routinely met with little more than a fine or minor sentence. Such was the case with the Farley shootings.

Following the police investigation and court proceedings, the Flamingo Club was forced to forfeit its liquor license and to close for a brief period of time.³¹ While the loss of the liquor license should have hampered the Flamingo Club's ability to turn a profit, it did not. "Sleepout" Louis, not surprisingly, was hardly impaired by the idea of obeying the law within his illegal club. The former bootlegger simply served milk at his bar when he had to assuage state alcohol agents, and liquor illegally

³⁰ "Two Men Wounded in Night Club Gun Battle," (*Louisville*) *Courier-Journal*, October 25, 1943; "Gunplay Results in Action, Fort Thomas, Newport," (*Louisville*) *Courier-Journal*, October 26, 1943; "Campbell Grand Jurors Rebuke Reckless Shooting," (*Louisville*) *Courier-Journal*, February 22, 1944.

³¹ "Owner of Raided Club Indicted on U.S. Charge," (*Louisville*) *Courier-Journal*, October 19, 1943; "Liquor Laws Are Violated by Eight Northern Kentuckians, Federal Jury Indictments Charge," *Kentucky Post*, October 19, 1943.

whenever a patron wanted a drink. Ironically, the repeal of the Flamingo Club's liquor license actually served to increase profits, as "Sleepout" Louis no longer had to bribe the Kentucky Liquor Board inspectors.³²

Yet another Newport local established himself as a competitor with the syndicate. In the early 1940s, former George Remus associate, Buck Brady, invested a portion of his prohibition earnings in the purchase and remodeling of the Primrose Club. Located on Licking Pike just outside of Newport, Brady counted on its somewhat remote setting to act as a buffer between himself and the local authorities.³³ Like his contemporary, Pete Schmidt, Brady was independent and arrogant, and determined to avoid any alliances with the syndicates. Like Schmidt, Brady's resolve would bring him into direct conflict with the syndicate both to establish who held more power in Newport and to decide who would ultimately own and control the Primrose Club.³⁴

By 1946, the 68 year old Brady had utilized the lessons he had learned through his years of experience to develop the Primrose into a more tasteful and fashionable casino. Newport area gamblers responded favorably to the

³² Laudeman, *Newport*, 17; Barker, Potter, and Meglen, *Wicked Newport*, 55.

³³ "Primrose Night Spot, Named in Gambling Investigation, May Lose Liquor License," (*Louisville*) *Courier-Journal*, November 7, 1943.

³⁴ Laudeman, *Newport*, 16.

changes, and by 1946, Brady's Primrose Club was positioned to compete with plush syndicate spots like the Beverly Hills Country Club. This fact further exacerbated the growing conflict between local owners and the syndicates. While both the Cleveland and New York mob groups were reluctantly tolerant of the local bust-out joints, they were not willing to allow competition to prosper in the carpet joint market.

Cleveland Four representative, Red Masterson, saw Brady's success as both a direct threat to syndicate prosperity and as an opportunity to make an example out of the tough, determined local. Having previously been involved in convincing Pete Schmidt to abdicate control of the Beverly Hills Country Club, Masterson seemed an ideal candidate to handle the Primrose Club. By dealing swiftly with Brady's Primrose Club, Masterson hoped to stifle further local attempts to challenge syndicate operations. Brady quickly heard of the syndicate's designs on his property. Determined to resist the syndicate pressure to abandon his goldmine, Brady decided to deal with the threat offensively rather than dangling at the mercy of the mob's strategy.

In the darkness of the evening hours of August 5, 1946, Brady waited for his opportunity to strike first.

Idling in a car parked outside the Merchants Club, Brady watched as Masterson exited the club and moved toward his car. As Masterson entered his car, Brady aimed and fired a shotgun at his rival as he pulled alongside Masterson's car. Brady miscalculated the distance; however, and because he was too close to his target, the shotgun blast failed to kill Masterson. The wounded syndicate man tried to steer his car, but was unable to escape, crashing into a row of parked cars along 4th Street. Brady, in the chaos, also collided with a number of other cars in the vicinity before he exited the car and attempted to escape on foot.³⁵

Both Masterson and Brady would survive the botched murder attempt. Emergency responders took Masterson to the hospital while the local police conducted a search for the fleeing Brady. He was later found in an outhouse, armed with a number of weapons, apparently planning to wait out the initial search. He was charged with disturbing the peace and arrested on sight.³⁶ If the shoot out on the public streets represented the spirit of Newport vice and gambling during the 1940s, the trial that followed would demonstrate the code of silence that ruled the games. Like their counterparts in larger urban crime networks, Newport

³⁵ Messick, *Syndicate Wife*, 25-27; Cook, interview.

³⁶ Ibid.

criminals believed in the oath of silence, or omerta, that bound all offenders together and protected their secretive networks and alliances.

Brady's trial was something of a public spectacle for Northern Kentucky. Masterson, true to the ethics embraced by the criminal element at the time, refused to identify Brady as his assailant. George Remus, the celebrated bootlegger of the prohibition era, acted as a character witness for Buck Brady. With a victim unwilling to identify his attacker, and with any number of individuals testifying to the character of the accused shooter, the judge dropped the charges against Brady and the trial came to an anti-climatic finish.³⁷

While the trial may have settled the matter for the State of Kentucky, it did not resolve the contest between Brady and the syndicate as they grappled for control of the Primrose Club. Realizing that additional violence would only redirect unwanted public attention toward syndicate

³⁷ "Gambling Squeeze Reported; Masterson, Brady Won't Talk in Newport's 'Gang War'," *Kentucky Post*, August 7, 1946; "Woman May Tell Story, Identifying Two Men in Auto of Gunners," *Kentucky Post*, August 8, 1946; "Woman Witness Expected to Identify Two of Men Who Wounded Masterson," *Kentucky Post*, August 8, 1946; "Gambler Shot in Gang Style in Newport," (*Louisville*) *Courier-Journal*, August 9, 1946; Ed Edstrom, "Gambling War Has Put Newport on the Spot," (*Louisville*) *Courier-Journal*, August 18, 1946; "Newport Shooting Writes Name Brady," (*Louisville*) *Courier-Journal*, August 22, 1946; "Ex-Operator of Club Named as Gunman," (*Louisville*) *Courier-Journal*, August 22, 1946; "Newport Gambling Reported Resumed," (*Louisville*) *Courier-Journal*, September 16, 1946; "Newport Shooting Counts Dismissed," (*Louisville*) *Courier-Journal*, September 24, 1946; Messick, *Syndicate Wife*, 25-27.

dealings, Masterson deferred to the judgment of his superiors within the Cleveland group and did not retaliate. Instead, the syndicate issued Brady an ultimatum. Either he left Newport, or the syndicate would kill him. Brady chose the first option, planning an early retirement in Florida. Additionally, he stepped away from the Primrose Club, offering it as a gift to the Cleveland Syndicate, with some sense of pride intact knowing that he was evicted by the Cleveland founders rather than a local pawn. Conversely, Masterson lost what stature he had built in the local vice market. With his failure to handle Brady's ousting, and the syndicate's decision to overrule his authority, it was clear to both colleagues and competitors that Masterson was no longer a power to be feared.³⁸

The Cleveland group renovated the Primrose Club, reopening it as the Latin Quarter under the management of Dave Whitfield. The revamped Latin Quarter was larger and more imposing than the Primrose had been, and featured three craps tables, two roulette wheels, and half a dozen blackjack tables, in addition to the slot machines that were prevalent everywhere in Newport. With such a potential goldmine newly in their possession, the syndicate

³⁸ Laudeman, *Newport*, 17-18; Barker, Potter, and Meglen, *Wicked Newport*, 55-56.

rewarded Whitfield for his loyalty a decade prior.

Whitfield had served a prison sentence following his arson investigation in conjunction with the 1936 Beverly Hills Club fire. He did not serve the full length of his term, but instead benefitted from an early release shortly after the Cleveland Syndicate funneled \$7000 and a bull to a state official.³⁹

Although tensions erupted between the syndicates and locals during the 1940s, one local vice peddler managed to avoid significant conflict. Frank Andriola, better known as "Screw" Andrews, was born in 1911 and gained a respectable reputation as a moonshiner during the

³⁹ Barker, Potter, and Meglen, *Wicked Newport*, 56; Dave Whitfield, letter to Howard Devise, August 6, 1944, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude L. Hammons, letter to Howard Devise, November 15, 1944, Special Collections and Archives, Steely Library, Northern Kentucky University; Dave Whitfield, letter to Howard Devise, December 6, 1944, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude L. Hammons, letter to Howard Devise, January 12, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Dave Whitfield, letter to Howard Devise, January 18, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Dave Whitfield, letter to Howard Devise, January 21, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Dave Whitfield, letter to Howard Devise, February 7, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Dave Whitfield, letter to Howard Devise, February 10, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude L. Hammons, letter to Howard Devise, May 5, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude L. Hammons, letter to Howard Devise, May 22, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude L. Hammons, letter to Howard Devise, August 10, 1945, Special Collections and Archives, Steely Library, Northern Kentucky University. The series of letters between Dave Whitfield, his attorney, Howard Devise, and Claude L. Hammons, Kentucky State Representative for the 37th District reveals the efforts expended by the syndicate and the politicians in their pocket in order to secure Whitfield's early release.

prohibition era peddling illegal liquor in Cincinnati slums. Like other bootleggers in the area, he realized the potential for profit in the gaming industry as the prohibition era waned. Andrews focused on the exploitation of African Americans in the numbers racket. He worked with his brother "Spider" and a nephew "Junior" to purchase and operate a number of liquor stores and newspaper stands in area, expanding into Newport neighborhoods by the mid-1940s. The Andrews family utilized their legitimate stores to front their growing illegal numbers racket.⁴⁰

Newport in the 1940s, like much of America, remained a segregated community. Despite the early stirrings of the American Civil Rights movement during this decade, criminal networks remained steadfast in their segregationist mentality. This tendency to resist desegregation was an issue with national crime families, as well as their regional branches.⁴¹ Newport would develop a separate industry for African-American gamblers, not unlike those created in other regional gambling centers.

Hot Springs, Arkansas was also a characteristic example of this practice. Mirroring Newport in nearly

⁴⁰ Laudeman, *Newport*, 14; Barker, Potter, and Meglen, *Wicked Newport*, 57.

⁴¹ Hank Messick, interview by Lew Wallace and Frank Steely, July 14, 1979, Special Collections and Archives, Steely Library, Northern Kentucky University.

every measure, Hot Springs had enjoyed a lucrative gambling market since the Civil War. Run by legendary New York criminal, Owney Madden, and long recognized as a plush favorite retreat for renowned criminal leaders like Al Capone and Lucky Luciano, Hot Springs openly embraced illegal gambling and tourism, just as Northern Kentucky did. Over the course of the town's history, reformers attempted several ineffective campaigns that also closely followed those experienced in Newport. Led primarily by churches loosely organized in opposition to gambling and vice, they found that the citizens were largely unwilling to seek change because they relied so heavily on the industry for economic survival and progress. The money collected through bribery and pay-offs frequently supported vital and progressive civic improvements. Among those were two free public pools constructed for the community by the gambling interests during this period. Unable to accept desegregation, the gambling interests paid to construct two separate facilities in an effort to accommodate both white and black citizens without forcing the two to mix.⁴²

A similar separation persisted in the clubs of Northern Kentucky. While white patrons frequented the

⁴² Small, "The Town Without a Lid," 22-23, 101; Skow, "No Dice in Arkansas," 78-79.

Yorkshire, Glenn Rendezvous, Flamingo, Beverly Hills Country Club, and the Lookout House, African Americans were placing their bets at Newport establishments such as the Copa (339 Central Avenue), the Sportsman's Club (228 West Southgate Alley), the Rocket (2nd and York Streets) and the Alibi Club (310 Central Avenue). All were considered exclusively African American enterprises. As the Northern Kentucky region saw the continued expansion of casino gambling, Andrews sought to capitalize on that momentum in the African American community by monopolizing control of African American clubs.⁴³

On May 14, 1947, Andrews began that process. He bribed a local official, ensuring that the Newport police department would raid the Sportsman's Club, at that time owned by an African American named Steve Payne. Less than a year later, Payne was murdered, leaving a power vacuum among the African American club owners. Andrews took full advantage of that situation, brokering a questionable real estate transaction that left him the new owner of the Sportsman's Club by the close of 1948. The club would almost exclusively serve Northern Kentucky and Cincinnati's

⁴³ Laudeman, *Newport*, 19; Barker, Potter, and Meglen, *Wicked Newport*, 57.

African American population, and would act as the center of operations for Andrews's gambling and numbers rackets.⁴⁴

The decade came to a close with Charles Lester and Pete Schmidt devising yet another scheme to gain additional power. In 1948, the two convinced a street musician named Robert Siddell to run for mayor. Misguided and foolish as this plan proved to be in reality, their intention was to buy Siddell's loyalty through their sponsorship of his run for office. Presumably, they could then manipulate the mayor's office, and consequently garner a measure of control over the Cleveland Syndicate. Not surprisingly, their dubious candidate lost. The winning candidate, predictably, was a Syndicate pawn who ordered a police raid of the Glenn Rendezvous immediately upon taking office. As a result of the raid, Schmidt was placed under arrest. As a reprisal, Lester called on the crooked police he had on payroll to raid a Syndicate-controlled Elks Club. Police seized slot machines on the premises and closed the Elks Club briefly. Shortly thereafter, Schmidt was released, but he was not apparently content with the outcome of their latest plot.

⁴⁴ Laudeman, *Newport*, 19; Barker, Potter, and Meglen, *Wicked Newport*, 57.

In an uncharacteristic moment of trepidation, Schmidt revealed anxiety about potential Cleveland Four retaliation. Apparently afraid that the Cleveland Syndicate would wrest control of the Glenn Rendezvous in much the same way as they had the Beverly Hills Country Club years earlier, Schmidt abruptly sold the Glenn Rendezvous to the Levinson brothers and Arthur Dennert for a mere \$180,000.⁴⁵ This effectively blocked any immediate move the Cleveland group might make, as the sale to the Levinson's placed the Glenn Rendezvous under the protection of Meyer Lansky.

The Cleveland group, recognizing again the danger that could result from capturing too much public attention with unnecessary and obvious violence, chose to bide their time. Months following the raids, they rather quietly made their move to regain some interest in the Levinson's operations. When Art Dennert died under questionable circumstances in a car accident, the Cleveland Syndicate claimed his share of the Flamingo Club. Once they held partial ownership, the Cleveland group insisted upon placing one of their paid employees in the Flamingo Club to oversee the daily casino procedures. With that maneuver, the Cleveland Four managed

⁴⁵ "Newport Night Club, Glenn Rendezvous, Sold," (*Louisville*) *Courier-Journal*, February 21, 1948.

to exact some revenge without pushing Lansky's group to respond.⁴⁶

With the shuffling of casino properties, the 1940s would come to an end. Newport vice traders prepared to enter another prosperous decade with little indication that the 1950s would bring anything other than continued success and evasion of prosecution. They managed to operate illegally under the scrutiny of weak reform efforts, thanks in large measure to their advantageous relationships with corrupt law enforcement agents, local officials, and regional politicians. As the syndicates and local managers stood prepared to capitalize on the return of affluence the country enjoyed following the conclusion of World War II, they could not have imagined the storm that was brewing in Washington, D.C. or how it would impact their livelihoods.⁴⁷ Reform would finally enjoy conditions that would kindle a spark of resistance to Newport's corruption and chaos, beginning with a national probe into organized crime, and ending with the strongest push for change ever witnessed in Newport's history.

⁴⁶ Laudeman, *Newport*, 19.

⁴⁷ "A Vice 'Blow-Off' May Hit North: The Gamblers and Others Are Doing Business on An Unprecedented Scale, But Indications Are That They May Suffer a Rude Awakening," (*Louisville*) *Courier-Journal*, October 16, 1949.

CHAPTER FOUR

1950-1959: A City "Sodden with Corruption"¹

On the heels of the booming criminal activity of the 1940s, the decade of the 1950s seemed destined to create unimagined wealth and prominence for Northern Kentucky casino owners. What they failed to predict and prepare for was an onslaught of reform sentiment that would draw on its roots in local churches and civic organizations and capitalize on a developing national drive to reform criminal networks in order to bring Northern Kentucky gambling rings to a standstill. Local reformers saw rampant gambling and prostitution as an unnecessary evil that devalued their businesses and properties, damaged their youth, and would eventually lead to the moral decay of their entire community. Though wide-open illegal casino gambling, and the accompanying vice of prostitution, would retain the upper hand in the balance of power in Northern Kentucky throughout the decade, the previously weak and ineffectual reform movement gained momentum and would, by 1959, be primed to challenge vice.

Undercurrents of protest weave throughout Northern Kentucky history, parallel with the growth of illegal

¹ Associated Press, "Probers Declare Campbell County 'Sodden With Corruption'," (*Louisville*) *Courier-Journal*, June 21, 1951.

gambling. This pattern was not unique to Northern Kentucky, but rather represented general national trends. The history of American illegal gambling was marked by periods of gaming's expansion followed by responsive reform. Experienced in nearly all gambling markets, historians have recorded the tendency toward excess and then reform in varied venues from Chicago, Illinois to Biloxi, Mississippi.² Like its counterparts around the country, Newport and Northern Kentucky reform efforts fluctuated in their intensity and degree of success. Most attempts at reform were legitimate and motivated by a genuine concern for the community; however, on at least one occasion, the syndicates manipulated well-intentioned citizens for their own benefit. In the early 1950s, as the gambling interests began to detect a growing sense of opposition toward vice and the public servants who facilitated their operations, they devised a plan to reduce pressure on their most lucrative investments, the Beverly Hills Country Club, the Lookout House, and the Latin Quarter. They reasoned that a measure of reform might temper the desire to eliminate gambling entirely.

² Fred J. Cook, "Treasure Chest of the Underworld: GAMBLING, Inc.," *The Nation*, October 22, 1960, 260-61.

With that strategy in place, the syndicate assigned Red Masterson the task of recruiting honest, moderate business and community leaders to form the Newport Civic Association (NCA).³ The NCA spoke publicly about the need to regulate the excesses of gambling, and routinely sponsored candidates for local elections under the campaign slogan, "clean up, not close up."⁴ Though NCA candidates ostensibly ran on reform platforms, they were all pre-approved by the syndicate based upon their sympathy for gambling interests and their ability and willingness to be controlled. The syndicate-sanctioned candidates believed, as had many before them, that the wholesale removal of all casinos in Newport and Northern Kentucky would be detrimental to business and economic development. With the financial backing of the vice contingency, NCA candidates swept into local offices almost without opposition.⁵ This level of success had proven unattainable for other reform organizations.⁶

³ Malcolm Rhoads, interview by Hank Messick, Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁴ Associated Press, "Newport Attorney Calls Civic Group's Newport Activities 'Like Russia'," (*Louisville Courier-Journal*, August 4, 1950; "City Manager Fight Charged to Gamblers," (*Louisville Courier-Journal*, September 1, 1950; Associated Press, "Graft Probe in Newport is Suggested: Civic Group Urges Grand Jury Inquiry," (*Louisville Courier-Journal*, November 19, 1952; Jeff Laudeman, *Newport- The Real Sin City* (n.p.: JSL Publishing, 1997), 20.

⁵ Rhoads, interview.

⁶ Christian Seifried, interview by Lew Wallace, November 1979, Special Collections and Archives, Northern Kentucky University.

To this point, religious groups, rather than business and civic organizations, had championed reform efforts. Without tacit syndicate support; however, they routinely found themselves railing against an unaffected enemy, and they failed to produce any lasting improvements, despite their conviction and fervor. That would begin to change as the new decade opened. The creation of a United States Senate committee tasked with the investigation of the existence and prevalence of American organized crime brought a national reform agenda to the fore, and strengthened local efforts to root out and destroy criminal gambling networks.

Officially titled the Senate Special Committee to Investigate Crime in Interstate Commerce, the Kefauver Committee, as it was more commonly referred to, was under the direction of Tennessee Democratic Senator, Estes Kefauver. Designed to investigate the role of organized crime in America, the Committee issued its first Interim Report on August 18, 1950. In that document, the Committee indicated that its initial examinations in the Miami, Florida vice markets provided evidence of significant and connected crime networks that crossed state boundaries and manipulated local, state, and federal laws, law enforcement agencies, and politicians in the pursuit of illicit profit.

Noting the pervasive though secretive nature and damaging power of illegal gambling, the Committee report argued that "the public must be made aware of the basic menace involved in gambling on a widely organized basis because it brings corruption into government and into many branches of industry, and permits the accumulation of economic power in the hands of those who rely on violence, intimidation, bribery, and extortion as means of achieving their ends within the community."⁷

The Kefauver Committee conducted public hearings across the country throughout 1950 and 1951. During the course of those hearings, the Committee spoke with many of the most infamous criminals in American history. In the course of the investigations, the Committee garnered evidence it considered undisputable in support of the existence of organized regional criminal rings that functioned in synchrony with their counterparts in other areas of the nation. In particular, the Committee noted that those webs of illegal agents concentrated their efforts on various forms of gambling which constituted

⁷ Senate Committee to Investigate Organized Crime in Interstate Commerce, *Interim Report on Investigations in Florida and Preliminary General Conclusions, Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 81st Cong., 2d sess. , 1950, S. Rep. 2370; Willard Shelton, "Cast No Stones," *The Nation*, March 31, 1951, 293-294; H.H. Wilson, "The Pressure to Buy and Corrupt," *The Nation*, July 21, 1951, 45-48;

their largest source of income, though they also operated in "the violation of the liquor and prostitution laws, business and labor rackets, and extortion and blackhand shake-downs."⁸

As the Committee heard testimony in Cleveland, Ohio, it discovered that the Cleveland Syndicate had invested considerable resources in Northern Kentucky, warranting further investigation into Newport gambling activity.⁹ Noting that the Cleveland Syndicate functioned in much the same manner and patterns as the organized criminal syndicates in places like New York, Chicago, and Miami, the Committee report detailed the process of expansion from Cleveland into the Northern Kentucky region. In its description of that process, the report suggested that flagrant illicit gambling enjoyed tremendous success and protection in part because local "officials are strangely

⁸ Senate Committee to Investigate Organized Crime in Interstate Commerce. *Second Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess. 1951, S Rep. 141.

⁹ Senate Committee to Investigate Organized Crime in Interstate Commerce, *Interim Report on Investigations in Florida and Preliminary General Conclusions, Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 81st Cong., 2d sess. , 1950, S. Rep. 2370, 48-49, 51-53; Associated Press, "North Kentucky Gamblers Reported Called by Probers," (*Louisville Courier-Journal*, January 6, 1951; Edwin A. Lahey, "Kentucky Lechery Leers at Senate: Newport-Covington Area Gambling Dens Still Open," (*Louisville Courier-Journal*, January 16, 1951; "Police Watch Newport Clubs for Gambling: Chief Issues Orders After Kefauver Rebuke," (*Louisville Courier-Journal*, January 20, 1951; Rhoads, interview; Thomas Barker, Gary Potter, and Jenna Meglen, *Wicked Newport: Kentucky's Sin City* (Charleston, SC: The History Press, 2008), 58.

afflicted with the inability to see the obvious, a disease which seems to afflict law-enforcement officials in wide-open communities everywhere."¹⁰

When called to testify during the nationally televised hearings, Newport locals, many of whom were either members of the NCA or had been elected because of it, were careful to answer questions in a manner that did not implicate the syndicate in any illegal activity. Controversial Newport Police Chief, George Gugel, stated under oath that he had never entered a gambling house in Newport. Newport attorney Charles Lester represented Gugel during the hearings, and sat nearby as the city's key law enforcement officer responded to the Committee's inquiries. When queried about the prevalence of casino advertisements in the Cincinnati newspapers, Gugel told the Committee that he never read the Cincinnati news. When a committee member probed further, asking if Gugel was "the only man in the entire vicinity who didn't know that any taxi driver could take you to a selection of five or six gambling joints," he

¹⁰ Senate Committee to Investigate Organized Crime in Interstate Commerce. *Third Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 307.

received a similarly evasive answer as the Chief responded that "I never ride in a taxi."¹¹

Chief Gugel was not alone in his attempt to hedge the Kefauver Committee's investigative questions. When the Committee posed a question to Commonwealth Attorney William J. Wise regarding his knowledge of Beverly Hills Country Club owners Morris Kleinman, Louis Rothkopf, and Moe Dalitz, he replied under oath that he had never heard of them. While he did admit that he had sought indictments against a variety of casino owners, including those of the Beverly Hills Country Club, he insisted that Kleinman, Rothkopf, and Dalitz were unfamiliar names.

In some of the most damning evidence revealed by local witnesses against the syndicates and local owners, both Wise and the Commonwealth Attorney for Kenton County described the tactics used by casino owners to evade prosecution during grand jury sessions. They testified that the suspension of gambling activities in the county where the grand jury convened effectively allowed jurors to

¹¹ Senate Committee to Investigate Organized Crime in Interstate Commerce, *Interim Report on Investigations in Florida and Preliminary General Conclusions, Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 81st Cong., 2d sess., 1950, S. Rep. 2370, 48-49, 51-53; Associated Press, "Newport Ex-Jurors Indicted in Bet Probe; Report Asserts Chief of Police is Incompetent," (*Louisville*) *Courier-Journal*, May 25, 1951; Associated Press, "Probers Declare Campbell County 'Sodden With Corruption'," (*Louisville*) *Courier-Journal*, June 21, 1951; Hank Messick, *Syndicate Wife: The Story of Ann Drahmman Coppola* (New York: The Macmillan Company, 1968), 28-30.

give the appearance of diligence while they understood gambling continued in the neighboring county.

Additionally, Wise noted that the few gamblers and owners who actually received penalties for illicit activity often benefited from sympathetic judges who either acquitted the criminals or commuted their felonies to misdemeanors that carried minor fines.

In an effort to suggest that Northern Kentucky grand juries were indeed honest and conscientious with regard to their responsibilities, Campbell County Judge Ray Murphy and Kenton County Judge Joseph Goedenough insisted that whenever a grand jury was called to session, they instructed them to scrutinize gambling.¹² Both adamantly claimed that the juries never returned felony indictments.

In another shocking disclosure, Newport city manager, Malcolm Rhoads, informed the Kefauver questioners that as he took office, he learned that Newport municipal officials routinely issued brokerage licenses to the region's bookmakers. The fees ranged, depending upon the scale of the operation, from \$350 to \$8900 a year. He further revealed that the funds collected from the bookmakers had

¹² Associated Press, "Newport Airing Urged by Judge," (*Louisville Courier-Journal*, October 1, 1951).

been funneled into the city's treasury, concealed as a payroll tax.¹³

This sort of graft and corruption was the hallmark of Newport's golden age of gambling.¹⁴ It had been a cornerstone in the organizational structure of large-scale criminal activity in the area since Remus established his bootlegging empire in the 1920s, and was far-reaching in its influence on national crime syndicates. Without such schemes in place, illegal casino gambling could not have survived, much less thrived, in Northern Kentucky. While this fact was generally understood by area residents, the insidious system of pay-offs was something of a surprise to the Committee members, and to the rest of the country, as details began to materialize. Sheriff Gugel's smug and evasive responses to the Committee's inquiries were not shocking to those who routinely worked with or against Newport's illicit businessmen. That sense of glib dismissal was representative of the degree to which vice had secured its place in Northern Kentucky. Casinos, bars, prostitutes and bookies were so entrenched in the local

¹³ Barker, Potter, and Meglen, *Wicked Newport*, 59.

¹⁴ Rhoads, interview; Fred J. Cook, "Treasure Chest of the Underworld," 258, 303-306.

character, that their removal was unimaginable to those involved and even to those who sought reform.¹⁵

As witness after witness brought their testimony to the Committee, it became increasingly clear that the criminal element, while confident in their position in the community, relied heavily on corrupt politicians and police forces in order to maintain their casino operations. Without the ability to call on those individuals for favors, casino owners would have faced nearly impassible obstacles as they attempted to remain open following routine grand jury investigations and police raids. The Kefauver Committee hearings shed light on the complex connections shared between vice and city hall or the county courthouse.

As the investigation again turned to the failure of local law enforcement, Campbell County Sheriff, Ray Diebold, took the floor. During the course of his statements, committee members sharply condemned Diebold for enabling the "flagrant breakdown of law enforcement in Campbell County."¹⁶ They went so far as to read him his job description verbatim from Kentucky law, pointing

¹⁵ Seifried, interview; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Third Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 307.

¹⁶ Messick, *Syndicate Wife*, 28-30.

specifically to sections mandating he "visit every tavern, dance hall and similar establishments once a month and that he cannot deputize anyone to make the inspection."¹⁷ In response, Diebold claimed that prior to three weeks before the start of the hearings, he had been unaware of that law and, because of the hearing schedule, he had been unable to find time to fulfill his obligations.¹⁸

The Committee posed similar questions to those who operated in Kenton County. Jimmy Brink did his utmost to shield the Cleveland Syndicate from any evidence of involvement in the Northern Kentucky gambling enterprise. He testified under oath that local casino owners had forced the Cleveland Syndicate out of Kentucky, adding that the Lookout House, and all the Newport casinos were under local ownership and control.¹⁹ The Syndicate's practice of using locals as front men in all their casinos, an expanding market for illegal gambling in places like Miami, Florida, as well as developments in the growth of legal gambling in Las Vegas, Nevada and Havana, Cuba made this deception plausible.²⁰

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Frank Staab, interview by Hank Messick, November 11, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University.

At the close of 1949, the Cleveland Four's representative in Northern Kentucky, Sam Tucker, moved to Miami in order to manage the Syndicate's growing interests in Broward County and in Havana.²¹ At approximately the same time, Moe Dalitz agreed to provide financing to Wilbur Clark, who was in dire need of funding to complete his Las Vegas Desert Inn resort and casino. With Dalitz a majority investor in the Desert Inn, the Syndicate had an opportunity to transfer its efforts to the only state where gambling was legal. The obvious advantage of Las Vegas for casino owners was the potential for even greater profit with significantly less hassle. The possibility of operating, legally, without a need to bribe or purchase loyalty from local authorities, proved appealing to gambling bosses across the nation.²²

The Cleveland Syndicate was no exception. With Dalitz's investment in the Desert Inn, the Syndicate could not afford to jeopardize their Las Vegas prospects by retaining a perceived affiliation with illegal gambling in Northern Kentucky. This was particularly important for Dalitz and Tucker, the only two of the Cleveland Four never

²¹ Hank Messick, interview by Lew Wallace & Frank Steely, July 14, 1979, Special Collections and Archives, Steely Library, Northern Kentucky University; Homer A. Jack, "'Ice' Over Miami," *The Nation* 171, no. 8, August 19, 1950, 164-165.

²² David Hunter, "How Newport Died and Went to Heaven," *Cincinnati Enquirer Magazine*, April 8, 1979.

to have been convicted of any criminal activity. At this juncture, the two divested all interest in any illegally operated syndicate casinos. Additionally, the Nevada Tax Commission instructed them to dissolve any connection they had with Kleinman and Rothkopf. In order to abide by the Nevada Tax Commission's directives, while still maintaining their loyalty to the Cleveland Syndicate, Dalitz and Tucker sold their syndicate casino holdings to Rothkopf. In return, Rothkopf extended loans to the Desert Inn Corporation. Consequently, the founding four partners in the Cleveland Syndicate retained access to both legal and illegal profits.

To an uninformed spectator, the departure of key Syndicate players from Newport casino management indicated that reform had scored a victory over vice. While it was in fact gathering momentum, this was not the triumph it would appear. The clever maneuverings orchestrated by the Syndicate would actually serve to insure their interests in Newport gambling, while improving their public image considerably. Vice still held a considerable advantage over reformers, despite the challenges presented by the Kefauver Committee's hearings.²³

²³ "Hardly Anybody Seems Overjoyed About Newport's Casino Blackout," (*Louisville*) *Courier-Journal*, August 27, 1950; Laudeman, *Newport*, 21.

At the close of the Kefauver hearings, it was abundantly clear that illegal gambling not only existed in Northern Kentucky, but that it was practiced widely and openly and without fear of prosecution by local authorities.²⁴ The presence of casino gaming was perhaps the most visible vice in the region, but the Kefauver hearings revealed that Northern Kentucky was particularly relevant to national gambling rackets due to its lay-off betting operations. Lay-off betting was essential to the success of bookmaking operations both large and small. As bookies accepted wagers on various races and other sporting contests, they needed reliable wire services to rapidly relay results to gamblers and they required a way to spread their risk when handling events that drew heavy betting. As their clients wagered large sums, local bookies routinely sought to lay-off their risk with others who would help cover losses if necessary. This insurance was generally provided by well-financed regional lay-off betting centers, with two of the most reliable and powerful being located in Biloxi, Mississippi and Newport and

²⁴ United States District Court Eastern District of Kentucky, *Report of the Grand Jury*, (Covington, 1953); Senate Committee to Investigate Organized Crime in Interstate Commerce. *Third Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 307; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Final Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 725.

Covington, Kentucky. The Newport lay-off center was regarded as the more important of the two, earning it a valued position among large national bookmaking operations and elevating Northern Kentucky to national relevance among organized criminals. The Committee report noted that illegal gambling had become the key revenue producer for national organized criminal networks, and that the "heart of illegal gambling is bookmaking." Because of Newport's lay-off betting prominence, it affected gambling on a national scale, as the two dollar bet placed with a local bookie in nearly any city in America might run through Newport's lay-off center and contribute to a \$5,000,000,000 organized criminal operation.²⁵

As the Kefauver Committee concluded its hearings and prepared its findings for publication, national response to the televised testimonies remained one of entertained disbelief. The findings would have far-reaching implications for the federal government as they forced Federal Bureau of Investigation Director, J. Edgar Hoover, to acquiesce to the notion that organized criminal networks did exist in the United States. That admission brought organized crime, its myth and reality, under public scrutiny for the first time. While many Americans knew the

²⁵ Ibid.

names of infamous gangsters and romanticized the jazz-age bootleggers and mobsters of films and novels, the Kefauver Committee illustrated, for the first time, the size and complexity of the web of nefarious dealings that organized crime controlled across the nation.²⁶ It emphasized the similarities between the well-known urban criminal rings and the organized criminal schemes in medium and small-sized towns across the nation. In particular, the Kefauver investigations examined the conditions of vice in Atlantic City, New Jersey, Covington and Newport, Kentucky, Scranton and Reading, Pennsylvania, New York City, northern New Jersey, Florida, and Maryland. In all cases, it found that the patterns of corruption and reform were nearly identical. The Committee linked the personalities and policies of crime, insisting that organized criminals in all sizes of markets utilized the same tactics, ranging from graft to violence, to corrupt their communities. Small-town America began to see the dangers that lurked

²⁶ United States Department of Justice, Federal Bureau of Investigation. *Statement of J. Edgar Hoover, Director, Federal Bureau of Investigation, Before the Special Committee to Investigate Organized Crime in Interstate Commerce*, March 26, 1951; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Third Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 307; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Final Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 725.

behind some of the crime they had long tolerated.²⁷ In places like Northern Kentucky, that prompted a change that had previously been elusive.

The local series of events that would eventually lead to a death blow for the criminal element began with an uprising among the clergy in Kenton County, Kentucky. Kenton County's largest city was Covington, which neighbored Newport, separated only by the narrow Licking River. A number of clubs conducted business in Kenton County, including the Cleveland Syndicate's Lookout House. Vice leaders had targeted Kenton County as a prime location for the expansion of their gambling networks, because it enabled them to avoid prosecution by grand juries when they were in session in Newport, located in Campbell County. Throughout the region's history, Newport and Covington had shared similar struggles with illegal gambling, though Newport had earned the reputation as Kentucky's "sin city," where Covington had not. That may have been due in part to the fact that Covington succeeded more than it failed in controlling the amount of illegal gambling that occurred within the town's limits. Where Newport turned a blind eye to the menace of criminal behavior, Covington proved more inclined to resist.

²⁷ Ibid.

That was certainly the case in the early 1950s, as Kenton County pastors and priests united in an effort to do more than just discuss and preach about the gambling nuisance. They combined their resources in order to hire Assistant Attorney General, Jesse Lewis, to represent their cause. Lewis had previously experienced Northern Kentucky justice, or lack thereof, when he cooperated with local attorney Charles Lester to secure investigation of the syndicate casinos in the early 1940s. Lewis gathered sufficient evidence to warrant a suit against the Kenton County Commonwealth Attorney, charging him with nonfeasance. The presiding judge concurred and initiated disbarment proceedings on the basis of his failure to enforce the gambling laws.²⁸

As a result of the Kenton County reform push, the state police raided the Lookout House on March 7, 1952. Condoned by state-level officials, the raiding party originated from the state capital in Frankfort, Kentucky, and sent two agents ahead of the main party to secure entry. Like many other clubs, the Lookout House was well-equipped with steel doors to deter police entry.²⁹ Unlike

²⁸ Barker, Potter, and Meglen, *Wicked Newport*, 59-60.

²⁹ Kentucky State Police Supplementary Report, *Raid on Lookout House*, Sargeant David Espie, Case no. H-420-3, March 6, 1952; "Slots Seized in Raid by Kentucky Police; Tavern Owner Held," *Kentucky Enquirer*, March 7, 1952; Messick, *Syndicate Wife*, 30-35.

many previous raids, this time the police discovered and confiscated or burned \$20,000 in gambling equipment. In addition to the seizures, the police made a number of arrests of both gamblers and casino employees. It was becoming clear that this particular reform effort was somehow different than earlier attempts. Nervous about the status of their new Las Vegas investments, and eager to evade further damage from as a result of Lewis's investigations, the Cleveland Syndicate decided to sacrifice the Lookout House in an effort to preserve the more productive Newport casinos. The Lookout House casino remained closed following the raid, bringing to an end its nearly twenty year history of gambling and entertainment. Brink, who had avoided arrest as he was not present during the raid, was suddenly without the club that he had nurtured and worked in since 1933. Ironically, Brink died only months later, on August 6, 1952, in a plane crash while flying himself to Miami.³⁰

Amid that general turbulence of the early 1950s, Pete Schmidt saw another opportunity to build the gambling empire he had envisioned nearly 25 years prior. He underestimated the relevance of the newly elected NCA

³⁰ "Hardly Anybody Seems Overjoyed About Newport's Casino Blackout," *(Louisville) Courier-Journal*, August 27, 1950; Laudeman, *Newport*, 23; Messick, *Syndicate Wife*, 35.

candidates, and most likely overestimated the legitimacy of the apparent Cleveland Syndicate exit from Newport gambling, proceeding with an enormous project. Early in 1951, he invested approximately \$700,000 in start-up costs for a new club located at 18 East 5th Street in Newport. The Glenn Schmidt Playtorium featured a single-story, new construction restaurant, bar, and bowling alley with a casino in the basement.³¹

Almost immediately following the Playtorium's opening, the NCA members ordered a raid of Schmidt's newest holding. This sparked a retaliatory effort on the part of Schmidt's allies. It would be the first in a series of maneuvers designed to establish dominance in Newport. Those loyal to syndicate interests would attempt to control local operators such as Schmidt, only to find that neither the leadership of the syndicate nor of the independents had the measure of domination they believed they had.

Following the Playtorium raid, Charles Lester came to the aid of his ally, arranging for police loyal to him to raid the Syndicate-controlled Merchants Club. Newport detective Jack Thiem organized the team and led the raid. Thiem had gained valuable experience following the 1946 Rip Farley shooting, and had assumed the lead role in a new

³¹ Messick, *Syndicate Wife*, 40-41.

gangster unit in the Newport police department. While there does not seem to be any consensus regarding his integrity and the sincerity of his motivation, Thiem did a credible job collecting evidence to build criminal dossiers on key vice figures. When the NCA swept a number of candidates into office, it seemed to Thiem that the time to utilize his years of documentation had arrived.³²

Despite the fact that the NCA candidates had come to office as a result of generous syndicate support, their public rhetoric of reform coupled with the raid on Schmidt's Playtorium gave some in Newport reason to suspect that reform had come and the work of the NCA was complete. As the citizens of Newport approached the November 1952 municipal elections, Lester and Schmidt again sponsored street entertainer, Robert Siddell, in a bid for mayor. Siddell had lost his 1948 campaign for mayor, but would enjoy a surprise victory in 1952. With Siddell's move into city hall, Schmidt and Lester believed they had finally secured the advantage over the Syndicate that they had plotted and struggled to gain for two and a half decades.³³

Feeling overly confident as a result of their perceived power, Schmidt sought Thiem's cooperation in a

³² Ibid.

³³ Messick, *Syndicate Wife*, 41-42; Barker, Potter, and Meglen, *Wicked Newport*, 60-61.

corrupt partnership. The ambitious Schmidt offered Thiem an opportunity to exploit his years of experience in law enforcement in order to work for Lester and Schmidt as an enforcer. Schmidt saw Siddell's election as an indication that he and Lester had the power to assume control of organized crime in Northern Kentucky. Their new crime network, as Schmidt envisioned it, would need the collaboration of a strong force in the police department. Thiem's response left no question as to his level of interest in Schmidt's offer.³⁴

Schmidt's arrogance and overconfidence would again prove to be his downfall. Following Schmidt's audacious suggestion, Thiem set into action a series of events unlike any other in Newport's history. It began with a raid of the Playtorium.³⁵ While raids on various casinos, including Schmidt's other properties, were not unusual in Northern Kentucky, the nature of this particular raid sets it apart from other examples of police action against gambling halls.³⁶

³⁴ Barker, Potter, and Meglen, *Wicked Newport*, 61; Laudeman, *Newport*, 22.

³⁵ Messick, *Syndicate Wife*, 43; Cook, interview.

³⁶ "'Deputies' Led by Thiem in Descent on Schmidt Restaurant, Club," (*Louisville*) *Courier-Journal*, July 2, 1953; "'Louisvillian' Raid Upset at Newport," (*Louisville*) *Courier-Journal*, July 2, 1953; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Third Interim Report of the Special Committee to Investigate Organized Crime in Interstate Commerce*. 82nd Cong., 1st sess., 1951, S. Rep. 307; Senate Committee to Investigate Organized Crime in Interstate Commerce. *Final*

The general events during raid itself were relatively routine. The raiding party, led by Thiem, entered the Glenn Schmidt Playtorium armed with axes, sledgehammers, and guns, finding among the various gamblers present Newport Chief of Police, George Gugel, and three other detectives. A photographer for the *Louisville Courier-Journal*, invited to accompany the detectives for the raid, snapped a picture of Chief Gugel. He was later arrested for that action, and police confiscated his film. The party found illegal gaming underway and confiscated unlawful gambling equipment.

The action against Schmidt becomes more compelling upon closer examination of the details surrounding the raid. Thiem invested considerable time, effort, and resources in order to execute his search. As a detective, Thiem was able to operate independently of Gugel since the detective division was a separate entity during this period. Consequently he arranged for the raid, and all the details without the Chief of Police's notification or approval. This was highly unusual, despite the distinction between the departments. Not only did Thiem go to great lengths to quietly organize the raid without alerting

Report of the Special Committee to Investigate Organized Crime in Interstate Commerce. 82nd Cong., 1st sess., 1951, S. Rep. 725.

locals loyal to vice interests, but he also made the choice to use a bus load of Louisville, Kentucky private detectives instead of his local officers. During the bus trip from Louisville to Newport, Thiem deputized the detectives in order to give them appropriate jurisdiction in his district.³⁷

The planning and expense for such an elaborate scheme was most likely beyond an isolated individual like Thiem's ability to execute. Presumably, Thiem would have had to determine which private detectives could be trusted from Louisville, produce the money to hire and transport a large number of private detectives, and carry this process out quickly and quietly. The difficulty of successfully achieving that without assistance prompted a number of key Newport personalities to speculate that Thiem, perhaps a corrupt detective himself, sought the help of either or both the Cleveland Syndicate or Meyer Lansky's associates.³⁸ While Thiem's motives and the logistics of his bold raid were never clarified, what was evident was the

³⁷ Gordon Englehart, "15 Louisvillians Aid in Newport Raid; Are Jailed," (*Louisville*) *Courier-Journal*, July 2, 1953; "Special Deputies Used, Tip In Advance Alleged in Playtorium Invasion, Confusion Still Grows: Bus Carries Louisville Men to Spot Where Gaming Equipment is Found," *Kentucky Post*, July 3, 1953; "U.S. to Probe Jumbled Raid at Newport," (*Louisville*) *Courier-Journal*, July 3, 1953.

³⁸ "Schmidt Charges Denied by Newport Dectective," (*Louisville*) *Courier-Journal*, July 15, 1953; Barker, Potter, and Meglen, *Wicked Newport*, 62.

overwhelmingly negative consequences for all parties involved.³⁹

The presence of the Newport police chief proved inauspicious for Thiem and his raiding party. Gugel promptly arrested Thiem and his deputized private detectives, taking them into police custody. At this juncture, Screw Andrews approached Thiem, offering to buffer him from the charges in exchange for his agreement to leave Newport permanently. Thiem refused. His choice to stand trial proved to be an even worse idea than his elaborately staged raid.⁴⁰

The trial that followed Thiem's arrest was classic Newport theater. With a judge clearly hostile to the accused, witnesses happily committing perjury, and attorney Charles Lester, who did not officially represent either party, questioning witnesses and speaking with the jury, Thiem held little hope for a fair trial. As a last effort to avoid a prison sentence, Thiem reluctantly agreed to leave Newport. He relocated to Las Vegas, where he was given an enviable security job working for Sleepout Louis Levinson's brother, Ed Levinson, at the Desert Sands

³⁹ Henry J. Hosea, interview, Special Collections and Archives, Steely Library, Northern Kentucky University.

⁴⁰ "Newport Chief is Indicted for Nonfeasance," (*Louisville*) *Courier-Journal*, August 1, 1953; Laudeman, 22; Barker, Potter, and Meglen, *Wicked Newport*, 63.

Casino. The Cleveland Syndicate's ownership in the Sands lent credence to the theory that the Playtorium raid was syndicate-funded.⁴¹

Much like the Playtorium raid, the 1951 search of Jim Harris's Hi-De-Ho Club in Wilder, Kentucky shook the community and created a wave of concern about and protest against area criminals. The Hi-De-Ho became a target for Syndicate intimidation as Harris's club began to threaten the Syndicate's profits at the Latin Quarter. As a combination casino and brothel, the Hi-De-Ho attracted a lower-class clientele than that of the Latin Quarter; however, the Hi-De-Ho's presence detracted from the region, created an atmosphere more in keeping with bust-out joints, and generally discouraged some wealthy gamblers from venturing into the area.

This was due in part to Harris's growing reputation for blackmail. The infamous Wilder Marshall fitted his prostitutes' bedrooms with hidden microphones designed to capture scripted conversations between the women and their johns. Harris himself had written the scripts, which the women used to prompt specific information, including information such as the john's name, address, phone number, wife's name, children's names, and business associates.

⁴¹ Barker, Potter, and Meglen, *Wicked Newport*, 63.

Following their time spent at the Hi-De-Ho gambling downstairs and pursuing their other interests upstairs, the unsuspecting gamblers returned to their homes with no notion their private information had been compromised. Shortly thereafter, Harris began placing calls to the gambler, expressing concern for his potential embarrassment should his family and community be exposed to the details of his nefarious behavior. Harris then demanded payment in order to remain silent, sometimes requiring up to \$5000, depending upon the individual. More often than not, the johns paid quickly, and Big Jim Harris became a very wealthy man. The Cleveland group had proven tolerant of other clubs, provided they did not have a damaging effect on their bottom line profits. When Harris's underhanded operation encroached on their ability to earn maximum returns at the Latin Quarter, the Syndicate called on their contacts at the state level to prompt the damaging raid.⁴²

Because the Hi-De-Ho was located in Wilder, an unincorporated township, the state police needed no invitation or authority transferred from the local police in order to enter the property. When they arrived, the state police found gamblers and illegal gambling

⁴² "Local Night Spots Figure in Probe - Two Face Contempt Charges; Mum on Beverly Hills and Lookout House," *Kentucky Times-Star*, March 27, 1951; Laudeman, *Newport*, 22.

paraphernalia on the lower floors, and a host of prostitutes upstairs. They confiscated the evidence, and arrested the "girls" but not before discovering a couple of key pieces of evidence. On searching the casino, the police revealed a bank of "electric slots" in the Hi-De-Ho's casino. Electric slots consisted of typical slot machines located on a rotating wall. A hidden switch permitted employees to turn the wall at a moment's notice, hiding the illegal equipment out of sight of police and detectives. Many Newport casinos reportedly used this type of device, but the Hi-De-Ho raid produced the first verifiable police documentation of their existence.⁴³

Additionally, the state police raiders located a secret room in the club's ceiling. Previously undiscovered, the room served as storage for club records as well as supplementary quarters for a number of the prostitutes and their johns. The concealed space caught the public's attention as news reports and photos showed police escorting the shamed prostitutes down the makeshift staircase into the main brothel floor. The room created a stronger case against Harris, moreover, because it housed a wealth of data regarding club activity and profits. Those

⁴³ Kentucky Attorney General John Breckinridge, interview by Hank Messick, Special Collections and Archives, Stealy Library, Northern Kentucky University; David Wecker and Mike Philipps, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981.

records, combined with the confiscated gaming equipment and arrests for prostitution, essentially marked the end of Big Jim Harris's prominence in Northern Kentucky vice. A grand jury indicted Harris in 1955, charging him with pandering. As his case neared trial, Harris retained Charles Lester to defend him, which proved a tragic error in judgment, as well as a waste of \$1000, as Lester failed to appear at the trial. After hearing from witness testimony regarding the 1951 Hi-De-Ho raid, the jurors sentenced Harris to three years in prison.⁴⁴

The early 1950s marked a downturn for other infamous local characters, as well. Screw Andrews found 1952 to be a particularly trying year. Having spent much of the 1940s muscling his way into the African American numbers racket and club and casino scene, Andrews had secured considerable wealth and influence for himself. While the effort proved profitable, it was not without its share of hardships, among them the growing number of enemies Andrews accumulated.⁴⁵

⁴⁴ "State Police Raid Club, Arrest Pair, Oust Harris," *Cincinnati Post & Times-Star*, November 10, 1958; "Police Raiders Hit Two Clubs (One in Newport and One in Wilder)," *Kentucky Times-Star*, March 3, 1955; "More Law Needed," *Kentucky Times-Star*, March 11, 1955; "New Gaming Edict in Campbell - Patrons Face Arrest in Raids," *Kentucky Times-Star*, March 17, 1955; Wecker and Philipps, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981; Messick, *Syndicate Wife*, 66; Laudeman, *Newport*, 22, 26.

⁴⁵ Laudeman, *Newport*, 26.

One of his clubs was an African American casino known as the Alibi Club. On January 13, 1952, Melvin Clark entered the Alibi and began to harass the club employees. Clark had been a competitor of Andrews's who had recently been shut out of his operation. When Clark refused to calm down, Bull Payne, the Alibi's manager, brandished a gun and Clark immediately drew his own weapon and fatally shot the manager.⁴⁶ For his part, Andrews did all in his power to ensure Clark's conviction. Though he was successful, Clark received a conviction for a lesser charge of carrying a concealed weapon. Newport justice had again proven its tolerance for gangland style shootings, as Clark merely received an eighteen month probationary period rather than a prison sentence for the murder.⁴⁷

As terms of his probation stipulated, Clark left Newport for a couple of years. He would return in 1954, defying good judgment, to open his own casino, which he named the Coconut Grove. The Coconut Grove was intended to compete with any number of Andrews's casinos, which made it all the more unimaginable that Clark would approach Andrews' in an effort to purchase used slot machines to furnish his casino. Andrews' response was perhaps less

⁴⁶ Messick, *Syndicate Wife*, 44-48; Rhoads, interview.

⁴⁷ *Ibid.*

surprising than Clark's decision to attempt negotiations with the infamous criminal. Screw Andrews shot Clark on sight.⁴⁸

Eye witness testimony placed Andrews standing over the victim's dead body, following the shooting, with a gun in his hand. Despite such compelling proof, Newport justice remained true to form. Andrews stated that Clark called him "a dirty name and started firing," leaving him no option other than defending himself. Police officers loyal to Andrews conducted a half-hearted investigation producing scant evidence, and following Andrews's plea of self-defense, the jury acquitted him of murder.⁴⁹

Though Andrews had eluded the murder charge following Clarke's shooting, he was unable to avoid prison time for all his transgressions. In 1956, he received a prison sentence for failing to pay appropriate gaming taxes. Congress passed the Federal Waging Tax Stamp Act after the Kefauver hearings revealed the degree to which illegal gaming permeated American regional economies. The Act required an individual to have a tax stamp on every gambling ticket they issued, whether it be for bingo, horse

⁴⁸ Ibid.

⁴⁹ City of Newport, Kentucky Police Report, *Murder*, Lieutenant Dameron, Case no. 44367, July 18, 1955; "Extra Policemen Patrol Newport Club District," (*Louisville*) *Courier-Journal*, July 15, 1955; Messick, *Syndicate Wife*, 44-48.

and dog races, the lottery, or a card game. The legislation accomplished two things. First it allowed the government to capitalize on gaming activity by collecting a tax on every wager placed. Second, it forced casino owners to identify themselves as illegal operators. The tax was both unpopular and largely ignored. Whether operators chose to abide by the new legislation or not, federal authorities gained new authority for action. Owners who paid the tax, were liable for prosecution, as by their own admission, they were engaged in illegal gambling. Those who did not, were guilty of tax evasion, and also in a difficult position. Having chosen not to pay the federal tax on his clubs' wagers, Andrews was guilty of tax evasion. When prosecuted, he pled guilty and received an eighteen month prison sentence.⁵⁰

While Andrews struggled, Pete Schmidt reveled in the success of his Glenn Schmidt Playtorium. Having been open for a number of years, and having survived the turbulent first couple of years of raids and conflict with the Syndicate, the Playtorium produced tremendous profits for

⁵⁰ "Gaming Tax Paid by 20 Persons In North Kentucky," *Cincinnati Enquirer*, March 3, 1959; "Newport Gambling Crackdown Demanded: Social Action Group Offers 'Stamp' List," *Kentucky Post*, July 7, 1959; Christian Seifried, letter to Federal Internal Revenue Service, Gambling Stamp Division, November 3, 1958, Special Collections and Archives, Steely Library, Northern Kentucky University; Christian Seifried, letter to Commonwealth Attorney, William J. Wise, December 11, 1958, Special Collections and Archives, Steely Library, Northern Kentucky University.

the aging, but still independent and ambitious local operator. In 1955, Schmidt evaluated the Playtorium's performance and determined that the bowling alley and restaurant were earning a respectable income, and he feared a future raid on the casino could jeopardize the productivity of his legitimate business.

As a result, Schmidt separated the two, relocating the casino to a building next door, at 12 East 5th Street, called the Snax Bar.⁵¹ The Snax Bar featured a small lunch counter as you entered the doorway. Beyond the counter was what appeared to be a door into the kitchen. In actuality, the door led to the casino which was large enough to host approximately 100 people. Although the Snax Bar was a bust-out joint, it represented Schmidt's wealth and years of hard-won experience. Consequently the decor was more opulent than most bust-out joints, boasting gold wallpaper and wall sconces that lit the room. Connected to the Playtorium by an underground tunnel to guard against potential raids, the Snax Bar held 4 craps and 5 blackjack tables, 2 roulette wheels, and approximately 25 slot machines, and was managed by now ex-mayor of Newport,

⁵¹ Laudeman, *Newport*, 26.

Robert Siddell.⁵² With the Playtorium a vibrant, legitimate establishment and the Snax Bar a booming bust-out joint, Schmidt had finally achieved the dream he had nurtured since the 1920s. He would die of natural causes at the age of 72 in 1958, having remained in the Newport vice scene despite the syndicate's best efforts to intimidate him. When Charles Lester assumed control of Schmidt's Playtorium and Snax Bar upon Schmidt's death, Schmidt had accomplished what few other local operators had, he ensured that his life's work would not fall into syndicate hands.⁵³

Jim Harris, like Jimmy Brink and so many others before him, would not be so fortunate. Prior to his arrest and imprisonment, Harris had run a couple of clubs in Newport, in addition to his Hi-De-Ho Club in Wilder. When he began his prison term, the Syndicate moved to assume control of his interests. They renamed his most profitable Newport club, located at 613 Monmouth Street, the Stardust before reopening under Syndicate management. The name of the club carried significance as Moe Dalitz was simultaneously undertaking the construction of his new Las Vegas casino, also named the Stardust. The logos for both the Newport

⁵² "Snax Bar is Target of Campbell Officers Under Seizure Plans," *(Louisville) Courier-Journal*, March 17, 1955; "86 Nabbed in Snax Bar Raid," *Kentucky Post*, March 17, 1955.

⁵³ "Agents See Gambling at Glenn," *Kentucky Times-Star*, December 19, 1957; "State Suspends Glenn's Liquor, Beer Licenses," *Kentucky Times-Star*, December 24, 1957.

Stardust and the Las Vegas landmark were nearly identical, a subtle reminder to Newport gamblers that the Syndicate maintained a controlling interest in the still very lucrative Newport vice market.⁵⁴

The late 1950s; however, marked the beginning of a slow decline in the Syndicate's level of commitment to their Northern Kentucky investments. While the Syndicate continued to direct the activity of their Kentucky casinos, they maintained a less public role than they had during the 1940s. As they transitioned to their new Las Vegas investments, both the Cleveland Syndicate and Meyer Lansky's associates increasingly relied on local managers not only to front their operations, but also to make key decisions about the properties.⁵⁵

The Glenn Rendezvous, owned and controlled by the Levinson brothers following Schmidt's poorly conceived schemes, was an example of that trend. Local Tito Carinci managed the Rendezvous, having among his attributes both charm and mob connections. When the syndicate sent him to oversee daily operations at the Rendezvous in 1957, Carinci was a young, handsome man who had played football at

⁵⁴ "'Stardust' Club Cited for Hearing," *Kentucky Post*, January 17, 1959; "State Agents Tell of Gaming at Stardust Club," *Kentucky Post*, January 28, 1959; "Newport is Fit Rival for Las Vegas in Big-Time Gambling," *Louisville Times*, August 4, 1958.

⁵⁵ Laudeman, *Newport*, 27.

Cincinnati's St. Xavier High School. Apparently successful both at managing the casino and drawing high-end clients to gamble there, Carinci was noted for keeping company with Frank Sinatra and Dean Martin during their stint in the area in 1957 while filming a movie.⁵⁶

With patrons like Sinatra and Martin, it would have appeared on the surface to be big business as usual in Newport. Consummate businessmen, the Syndicate managers regularly reported on the state of local affairs to their bosses in Cleveland, diligently monitoring the political climate as well as their bottom lines. What they discovered as the 1950s progressed, was what was not visible on the surface, and that was the slow, almost imperceptible at first, evolution of public opinion.

For generations, the majority of Newport voters believed that the gambling industry was vital to the town's economic survival. Without gambling, Newport industry, which essentially consisted of a single steel mill that employed approximately 1000 people, could not provide enough jobs to support its citizens. Approximately 1500 Northern Kentucky residents did, in fact, rely on the

⁵⁶ "Agents See Gambling at Glenn," *Kentucky Times-Star*, December 19, 1957; "State Suspends Glenn's Liquor, Beer Licenses," *Kentucky Times-Star*, December 24, 1957; Barker, Potter, and Meglen, *Wicked Newport*, 67.

illegal clubs to support their families.⁵⁷ The majority of those who earned a living in Newport clubs were collecting their wages from illicit sources of income, while performing decent and mundane tasks in kitchens and housekeeping and wait staff departments. Dependence upon illicit industry for economic survival was a shared dilemma among towns that featured illicit gaming enterprises. In Northern Kentucky, as in other regional gaming centers, this reliance on illegal markets for a community's income had produced fear and opposition to reform for years.⁵⁸ That was changing for Northern Kentucky by the end of the decade.

By 1957, the effects of the Kefauver Committee had begun to trickle down to the local level, and reform efforts in Campbell County began to gather energy and recognition. Cases such as the Screw Andrews murder trial convinced increasing numbers of Newport citizens that justice was not just elusive, but impossible, in Campbell County. Following the success of the Kenton County reform efforts in forcing the Syndicate to abandon the Lookout House, Newport ministers joined together in the hopes of producing similar results and bringing law enforcement to

⁵⁷ Breckinridge, interview.

⁵⁸ Staab, interview.

task for their failures. By the early 1950s, protestant clergy from the Newport Ministerial Association began to focus their energy on the problems with gambling and prostitution. For years they gathered information regarding the practice of prostitution and the availability of illegal gambling in their city. While they made attempts to picket clubs and share scripture with patrons, their efforts produced little more than ridicule by gamblers and moderate community members.

Esquire magazine published an article in May 1957 entitled, "Cross Section U.S.A.: Sin Town" that would forever alter the balance between reform and vice in Northern Kentucky. The article asserted that "sin" was the area's key source of income, and estimated approximately one million consumers annually spent \$30 million in Newport's casinos and brothels. Author Monroe Fry contented that \$1 million of that was required to pay off local officials and law enforcement. Esquire's national readership drew broader scrutiny of Newport's vice markets, and decreased tolerance within the community for the sort of reputation Northern Kentucky had earned.⁵⁹

⁵⁹ Monroe Fry, "Cross-Section U.S.A.: Sin Town," *Esquire*, May 1957, 84-87; "Sin Town - Most Wicked City - Charge Made Against Newport," *Kentucky Times-Star*, April 8, 1957; "Esquire Writer Reveals Sources on 'Wickedest City'," *Kentucky Times-Star*, April 9, 1957.

In the wake of the *Esquire* article, Newport's St. John's United Church of Christ pastor Reverend Harold W. Barkau delivered a scathing sermon on the topic. In the congregation was long-time member and Sunday school teacher, Christian Seifried. Seifried was particularly interested in Rev. Barkau's message, as he personally witnessed the daily workings of Newport's vice-riddled "bottoms" while he delivered mail on his daily route as a postal worker. In his career as a mail carrier, Seifried became acquainted with many of the gamblers, prostitutes and madams in Newport's vice district, and felt a sense of pity for and obligation to those individuals. Fifteen years prior to Barkau's discourse, Seifried had made a promise to himself and to God while on his route. Having passed a number of young women he knew to be prostitutes and who were not much older than the students he taught in Sunday school, he vowed that should an opportunity arise through which he "had an opportunity to do anything about this condition," he would "do it to the best of his ability."⁶⁰

Barkau's sermon seemed the opportunity Seifried had hoped for. After contemplating the message during his

⁶⁰ Seifried, interview by Lew Wallace; Christopher Seifried, interview by author, Newport, KY, January 25, 2002; Barker, Potter, and Meglen, *Wicked Newport*, 63.

delivery schedule the following day, Seifried called Barkau from a grocery store payphone on his route to determine the strength of his pastor's convictions. When Barkau convinced Seifried he was genuinely tired of simply talking about the challenges in Newport, Seifried volunteered to do all that he could to help put their frustration to good use. Barkau was the sitting president of the Newport Ministerial Association, which had for years been quietly agitating against the vice trades. With Seifried's willingness to head a more assertive action against the immorality they perceived to be the ruin of their community and an affront to their Christianity, the Newport Ministerial Association established its Social Action Committee (SAC).⁶¹

As the SAC began to build a strategy for reform, they sought guidance from anyone who might be able to shed some light on their legal rights and on the weaknesses in vice organizations. After writing to, and receiving feedback from, key administrators in the FBI, the SAC began to systematically approach area politicians and law enforcement personnel, informing them about the evidence of gambling and prostitution they had accumulated and

⁶¹ Seifried, interview by Lew Wallace; "Minister Group Opens Vice Drive," *Kentucky Times-Star*, April 11, 1957.

requesting help to eliminate vice in Newport. At every visit, the SAC members found themselves facing the same corruption and unwillingness to act that generations before had witnessed.⁶²

Despite those obstacles, the SAC pressed forward. Aided in their efforts by Hank Messick, a reporter for the *Louisville Courier-Journal* who had been sent to Newport on assignment, the SAC helped provide documentation of the corruption and illicit business witnessed during Messick's time in Newport.⁶³ By October 1958, the SAC had gathered sufficient evidence to approach the grand jury.⁶⁴ Though hopeful that the jury would return indictments, the members of the SAC were realists who understood they would be fortunate if their actions prompted more stringent enforcement of vice laws. Messick added his testimony to that of the SAC, describing not only the conditions of vice

⁶² "Newport Held 'Off Limits'," (*Louisville*) *Courier-Journal*, April 23, 1958; Reverend George Bennett, letter to Federal Bureau of Investigation Director, J. Edgar Hoover, April 24, 1957, Special Collections and Archives, Stealy Library, Northern Kentucky University; Christian Seifried, letter to U.S. Attorney General, William Pierce Rogers, June 3, 1959, Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁶³ "Minister Charges Vice on Increase," *Kentucky Post*, April 8, 1957; "Minister Group Opens Vice Drive," *Kentucky Times-Star*, April 11, 1957; "Ministers to Seek State Help in New Campaign Against Vice," *Kentucky Post*, February 28, 1958; "Candidates Given Quiz Test by Social Action Committee," *Kentucky Post*, August 10, 1959; Seifried, interview by Lew Wallace; Hank Messick, interview by Lew Wallace & Frank Stealy, July 14, 1979, Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁶⁴ Cook, interview; "Jury Next Step in War on Vice," *Kentucky Enquirer*, October 2, 1958; "Vice Takes Hold in Campbell County: Grand Jury to Convene Today," *Kentucky Enquirer*, October 6, 1958.

in Newport, but the dangers he had faced as a reporter attempting to investigate the casinos. He recounted the details of an attempt on his life, the sugar that was placed in his fuel tank, and even insisted that he had been poisoned prior to his appearance before the grand jury.⁶⁵ Despite compelling testimony to support the SAC's claims, the grand jury did not return indictments, though it did call for increased vigilance with regard to law enforcement. Its final report shocked many Newport citizens and casino owners as it stated that the State Police should be welcomed in Newport to clean up the vice if the local police were not able to complete the task on their own.⁶⁶ For the first time in memory, the bribes and payoffs had failed to completely shield vice operators from the legal system.⁶⁷

The SAC members rejoiced in their small victory.

Encouraged by their success in the 1958 grand jury

⁶⁵ Cook, interview; "Hesch and Gugel Testify Before Grand Jury," *Cincinnati Enquirer*, October 16, 1958; "Text of Grand Jury Report," *Kentucky Enquirer*, October 22, 1958.

⁶⁶ Seifried, interview by Lew Wallace; Christian F. Seifried et al., *Report to the Grand Jury*, (Newport, KY, October 1, 1958), Special Collections and Archives, Stealy Library, Northern Kentucky University; Laudeman, *Newport*, 28; Barker, Potter, and Meglen, *Wicked Newport*, 64-65.

⁶⁷ "Newport Pastors Ask Jury Probe of Vice," (*Louisville*) *Courier-Journal*, October 2, 1958; "Jury Told to Look Into Newport Vice," *Kentucky Post*, October 6, 1958; "Vice Probe is Ordered at Newport: Work With Ministers, Grand Jury Instructed," (*Louisville*) *Courier-Journal*, October 7, 1958; "Jury Asked to Indict Top Newport Officials," (*Louisville*) *Courier-Journal*, October 15, 1958; "Grand Jury Fails to Indict Officials in Newport Vice Quiz," (*Louisville*) *Courier-Journal*, October 21, 1958.

proceedings, they gathered additional documentation and again appeared before the February 1959 grand jury session. Unlike 1958, the 1959 session would not produce favorable results for the SAC. The Syndicate-controlled judge called the jurors into his chambers at the onset of the grand jury session. When they reentered the courtroom, the jurors were visibly opposed to the clergy and their reform agenda, returning a final report that found no evidence of gambling or other vice in Newport.⁶⁸

The results of the 1959 grand jury session proved disappointing for Northern Kentucky reformers, as they seemed to undermine what little progress the SAC had achieved in the previous year. Despite this setback, reformers should have been consoled by the fact that the decade had produced significant change. While still profitable and popular, syndicate casinos were becoming a less relevant priority to the crime families, who were mobilizing their resources in Las Vegas' developing market. Local operators were struggling to maintain control of their casinos. National attention was focused on the dangers of organized crime, particularly where it dealt with illegal gambling, while local reform organizations

⁶⁸ Hank Messick, "Newport Clerics Act to Curb Vice," (*Louisville Courier-Journal*, August 11, 1959; "Jurors Disagree on Action Against 10 Top Officials," *Kentucky Post*, February 28, 1959.

gained prominence and momentum. As Newport entered the 1960s, the stage was set for the culminating event in its history of gaming.

CHAPTER FIVE

1960-1961: A Plan Comes Together...and Falls Apart

By 1960, the character of Northern Kentucky's illicit gambling industry was on the brink of ruin, though few would have believed it at the time. The closing years of the 1950s had produced increasingly challenging circumstances for both syndicate and local operators; however, they still remained among the most powerful and profitable business owners in the region.¹ As the new decade opened, they faced progressively worsening conditions, finding the reform movement gaining ground as their profits began a slow decline owing in part to the expansion of legal gaming opportunities in Las Vegas and Havana, Cuba, and the increasing ease and availability of air travel. As syndicate leadership left their regional positions for more lucrative prospects, local syndicate representatives were left in command and often made difficult business decisions without their superiors' input. The consequences of those choices were frequently detrimental to the success of the casinos.

¹ Attorney General John B. Breckinridge, *Supplemental Affidavit*, State of Kentucky, Campbell County, November 14, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; D.E. Pendery, Jr., *Affidavit*, State of Kentucky, Kenton County, November 17, 1961; "Bet on Cleanup Might Be Risky: Newport... Vice is Still the King and It's Booming," *(Louisville) Times*, January 23, 1961; Arthur Helliwell, "The Cops Gave Me the Works in Sin City! Follow Arthur Helliwell Around the Most Evil Little Town in America," *The People*: London, England, May 7, 1961.

Since assuming responsibility for the Glenn Rendezvous, Tito Carinci had faced some daunting challenges. In the closing years of the 1950s, the Rendezvous began to see a marked decrease in its popularity and profitability. The Rendezvous had been in operation since the 1940s, and it had begun to show the wear of two decades of hard use. Patrons responded to the decline of the Rendezvous, increasingly abandoning the club for the flashier and more modern casinos on the Newport strip. Carinci unsuccessfully attempted to bolster revenues with the addition of a strip show and prostitutes. When even the lure of attractive, available women failed to produce the desired result, Carinci determined that only a bold and substantial transformation would salvage the Rendezvous from impending obscurity.² It was during difficulties such as this that the absence of major syndicate management became a hardship for the local supervisors. Carinci was responsible for the club's survival, and so without the benefit of direct involvement from the syndicate, he acted decisively to create an atmosphere that would once again draw crowds to the Rendezvous. In the process, he not only

² Hank Messick, *Syndicate Wife: The Story of Ann Drahmann Coppola* (New York: The Macmillan Company, 1968), 156; Thomas Barker, Gary Potter, and Jenna Meglen, *Wicked Newport: Kentucky's Sin City* (Charleston, SC: The History Press, 2008), 71.

altered the club's primary focus, but also changed the standard for the entire region.

Carinci's solution to his declining revenue stream included a complete remodel and image realignment. Completed in the summer of 1960, the renovations Carinci ordered shifted the focal point of his casino from gambling to girls. Though the gambling remained a key offering at the clubs, Carinci realized the combination of women and gaming was a more profitable product. This change reflected the beginning of broader societal shifts in morality during the period. While the era would eventually produce women's liberation and unprecedented sexual freedom, it remained revolutionary at this early juncture in Newport history.

Renaming his place the Tropicana in a reference to the plush Las Vegas casino by the same name, Carinci publicized the club's new focus with large neon signs flanking the windows. The signs flashed gyrating female nudity for the Newport strip to see, advertising the newest vice for sale at the Tropicana. The remodel placed the casino, known as the Sapphire Room, on the second floor. The first floor held a showroom that featured strippers nightly.³ The

³ Jeff Laudeman, *Newport- The Real Sin City* (n.p.: JSL Publishing, 1997), 29.

Tropicana enjoyed more success than it had in its waning days as the Glenn Rendezvous, and consequently, Carinci secured for himself a key position in the region's history. This would be the last piece of really good news that vice dealers would receive as reformers began to take control of the region and threatened to destroy gambling's domination of Northern Kentucky industry, politics, and law.

As the decade began, the Social Action Committee (SAC) sought to capitalize on its early successes in order to leave a mark on Newport's history, as well.⁴ SAC members primarily continued to collect evidence of gambling activity, in the hope of securing further indictments against area gamblers. Though the final grand jury session in 1959 had not gone well for the SAC, their fortunes would change with the fall grand jury session of 1960. As the jurors prepared to meet in November of that year, the SAC encountered a particularly auspicious set of circumstances. Campbell County Judge Ray Murphy would normally have

⁴ "Order Newport Cleanup After SAC Statement," *Kentucky Post*, March 31, 1961; Christian Seifried, "The Story of the Social Action Committee of the Newport Ministerial Association," (lecture, 1960), Special Collections and Archives, Stealy Library, Northern Kentucky University; Kentucky Attorney General John Breckinridge, interview by Hank Messick, Special Collections and Archives, Stealy Library, Northern Kentucky University; Christian Seifried, letter to Kentucky Attorney General John B. Breckinridge, January 4, 1960, Special Collections and Archives, Stealy Library, Northern Kentucky University; Jesse K. Lewis, letter to Christian Seifried, March 25, 1960, Special Collections and Archives, Stealy Library, Northern Kentucky University; Jesse K. Lewis, letter to Christian Seifried, April 6, 1960, Special Collections and Archives, Stealy Library, Northern Kentucky University.

presided over the session; however, he was unavailable due to illness, forcing the state to appoint a replacement. That replacement was a circuit court judge from Harlan County, Kentucky, named Edward J. Hill.⁵ Hill had a well-earned reputation as a tough justice who was unafraid of tackling even the most corrupt situations. Known as the "tanner of Bloody Harlan," Hill had gained experience settling mountain feuds, and understood Northern Kentucky vice, as he attended college in Cincinnati years earlier.⁶

Immediately upon his appointment, Hill dismissed the original grand jury and on November 19, 1960, he impaneled a special grand jury to investigate gambling in the region. Following the surprise dissolution of the initial grand jury, Hill commanded that a number of confiscated slot machines be publicly destroyed on the courthouse steps. He intended to send a message to the vice peddlers and gamblers, alike. Illicit gambling operations were his primary target.⁷

⁵ Breckinridge, interview.

⁶ Christian Seifried, interview by Lew Wallace, November 1979, Special Collections and Archives, Steely Library, Northern Kentucky University; Christian Seifried, letter to U.S. Attorney General Robert Kennedy, January 29, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Barker, Potter, and Meglen, *Wicked Newport*, 72.

⁷ Seifried, letter to U.S. Attorney General Robert Kennedy, January 29, 1961; Bert Combs, interview, Special Collections and Archives, Steely Library, Northern Kentucky University.

Hill's bold maneuvers, designed to thwart syndicate and local operations, incensed both pro-vice citizens and public officials. Judge Murphy was so violently opposed to Hill's focus that he returned to the courtroom to reassert his objectives, despite the fact that he remained very ill.⁸ Unfortunately for pro-gambling constituents, Murphy's return was irrelevant. Hill had already shaped the course of the investigations through the jury selection process. With a group of jurors who did not owe their loyalty to the syndicates, and an honest Newport businessman as the jury's foreman, the fall 1960 grand jury was something previously not witnessed in Newport. It genuinely intended to investigate the prevalence of gambling in Newport and to issue indictments where necessary. As evidence of their commitment, the jurors broke with tradition by excusing Commonwealth Attorney William J. Wise, usually in charge of directing the jury's investigation, and conducted an independent examination.⁹

As the grand jury sifted through the weighty evidence at their disposal, they heard from the SAC witnesses who presented compelling and thorough documentation to

⁸ "Judge Murphy Files State Writ," *Kentucky Post*, November 14, 1960; Seifried, letter to U.S. Attorney General Robert Kennedy, January 29, 1961.

⁹ Seifried, letter to U.S. Attorney General Robert Kennedy, January 29, 1961.

complement their testimony.¹⁰ Alongside the SAC statements, the county judge, county attorney, and the county sheriff all presented their accounts. Both the county judge and county attorney admitted that illicit gambling was rampant in Campbell County, but they both denied having any responsibility for its continued presence. Sheriff Norbert Roll, conversely, denied the existence of any sort of illegal gambling within his jurisdiction. Not only was this a direct contradiction of his colleagues' testimony, but it also isolated Roll and left the grand jury with few options in response to witness testimony. Despite Wise's attempts to alter their course of action, the jury moved forward with an unexpected and unprecedented pronouncement. It indicted Sheriff Roll for nonfeasance, shocking the general community and the gamblers, and delighting the SAC.¹¹

The judge set Roll's trial date for December 6, 1960, and the month that elapsed between his indictment and trial brought significant tension to Newport. Reformers set about the busy task of gathering compelling evidence in the

¹⁰ Christian Seifried et al., Statement before the Campbell County Grand Jury, May 3, 1960, Special Collections and Archives, Steely Library, Northern Kentucky University ; Jack and Edie Cook, interview by David Payne, February 8, 1980, Special Collections and Archives, Steely Library, Northern Kentucky University.

¹¹ Christian Seifried, "Report to the Social Action Committee," December 1960, Special Collections and Archives, Steely Library, Northern Kentucky University.

hope that they could at last be a part of meaningful change in Northern Kentucky. Vice interests, naturally, busied themselves doing all within their power to block reform efforts. The fact that the sheriff's trial would fall under the standard procedures of Newport justice would act in the casinos' favor. Roll stood trial before local prosecutors and judges. On the evening before the trial, his attorney filed a last-minute motion to dismiss the indictment. The presiding judge agreed to consider the motion and make a ruling the following morning, before the trial began. That bought the casinos enough time to respond, creating plausible deniability for Sheriff Roll's ludicrous claim that he had no knowledge of gambling in Newport. Through the late hours of the evening prior to and into the morning of the trial, Newport's casinos owners dismantled their gaming tables and stashed evidence of gambling operations on large moving trucks, locking their doors before the start of the trial.

The casinos closed during the trial, as they had during every grand jury session for years, enabling Roll to swear under oath that there was no gambling in his jurisdiction. The prosecutor made only cursory efforts to deliver evidence against the sheriff. At the conclusion of the two-day trial, the jury deliberated a mere twelve

minutes prior to the delivery of its verdict. At the conclusion of yet another sham of a trial, the local jury acquitted Sheriff Roll and syndicate and local casino owners experienced a brief moment of relief.¹²

That moment proved fleeting, as the community responded to the verdict quite differently than it had ever done in its nearly two centuries of experience with illegal gambling. When, at the close of the trial, the casinos celebrated their victory by reopening that very evening, a significant number of Northern Kentucky citizens were outraged. Where the acquittal of a pro-vice law officer would, in years past, have been cause for celebration and light-hearted jabs about the nature of justice in Newport, it elicited just the opposite reaction in the final days of 1960.¹³ A broad segment of Northern Kentucky bristled at their community's increasingly obvious lack of authentic justice.

The SAC, undeterred by what they believed to be a temporary setback and buoyed by the rising public outcry against illicit gambling, spent the holiday season

¹² Seifried, "Report to the Social Action Committee," December 1960; Christian Seifried, letter to Jesse K. Lewis, December 17, 1960, Special Collections and Archives, Stealy Library, Northern Kentucky University; Jesse K. Lewis, letter to Reverend Harold W. Barkhau, December 29, 1960, Special Collections and Archives, Stealy Library, Northern Kentucky University.

¹³ Seifried, interview by Lew Wallace.

revisiting their strategies for the upcoming year. The committee remained unswerving in their hope to address the challenges they faced in the most "Christian manner possible," first approaching and discussing their concerns with public officials before they took more drastic measures. In keeping with this philosophy, the SAC presented their concerns to nearly every individual in power in Campbell County, calling on them to fulfill their responsibilities to their community.¹⁴ To their dismay, the SAC organizers routinely found the officials evasive and reluctant to help the reform cause. When faced with a particularly stubborn city commission during the early part of 1961, SAC chairman, Christian Seifried, devised an unorthodox plan to showcase the ridiculous claim that no city commissioners were aware of Newport's illegal gambling. Seifried requested that his high school aged son, along with a number of his friends, accompany him to a city commissioners' meeting to share what they knew of gambling. One by one, each of the ten students detailed their experiences with illegal gambling before the Mayor and the commissioners. In one particularly entertaining exchange, a young woman told the commission that she lived

¹⁴ A.J. Jolly, letter to Newport Ministerial Association, December 6, 1960, Special Collections and Archives, Steely Library, Northern Kentucky University.

next door to "one of the cafes" and could "sit in (her) bathroom and hear the loud speaker giving the results (of the races) from the place next door."¹⁵ In regional gaming centers across the nation, illicit casinos thrived in large measure due to that community saturation. Area children grew up surrounded by the industry, with parents employed by the casinos, and came to accept the illegal as routine. With that sort of immersion in the culture of vice, citizens became much less likely to find fault with the presence of vice and were often unwilling to seek reform.

Though the SAC made little progress through their "Christian" conversations with area officials, they remained confident they could create the change they so desperately desired. As they continued to evaluate their strategy, they discovered the heart of what would become a plan for victory. They believed their methods of data collection were sound, as their documentation and evidence had withstood the rigors of numerous grand jury sessions and criminal court processes. What they lacked was the ability to sway jurors, who largely remained vulnerable to syndicate pressure, and the ability to elect reform candidates to key governmental positions. With many vital posts held by vice sympathizers, the SAC stood little

¹⁵ Seifried, interview by Lew Wallace.

chance of lasting reform. If, however, they could garner enough public support to eject corrupt officials and elect legitimate reform candidates to essential roles within county and municipal governments, they might have the opportunity to overturn generations of lax law enforcement and corrupt dealings. Their new strategies for 1961 would incorporate those aims, but would require larger sums of cash and even broader public support in order to execute and produce results.¹⁶

The SAC of the Newport Ministerial Association began 1961 on the offensive.¹⁷ On February 12, 1961, clergy from Campbell County and three surrounding counties joined together in an effort to raise awareness and money. On what the reformers called United Sunday, pro-reform clergy preached against the moral dangers of gambling then passed their collection plates in support of the SAC. United Sunday proved a tremendous success, generating considerable funds for the SAC to apply toward its crusade.¹⁸

Having enjoyed a successful fund-raising campaign in United Sunday, the SAC applied their resources toward a concentrated effort to remove corrupt public officials.

¹⁶ Ibid.

¹⁷ Christian Seifried, letter to Editor, *Cincinnati Post & Times Star*, *Cincinnati Enquirer*, & *Louisville Courier Journal*, April 5, 1961.

¹⁸ "Ministers to Preach on Newport Vice: 1,000 Churches Taking Part in Final Push," (*Louisville*) *Courier-Journal*, February 11, 1961; Messick, *Syndicate Wife*, 153.

The determined committee focused its effort on the Governor's office. On March 2, 1961 representatives from the SAC, accompanied by their attorney, traveled to the capital in Frankfort, Kentucky, to present Governor Bert T. Combs' Office with their appeals for the removal of a number of Campbell County officials.¹⁹ Among those listed on the affidavits were Circuit Judge Ray Murphy, County Judge Andrew Jolly, Newport Mayor Ralph Mussman, Newport Chief of Police George Gugel, Campbell County Police Chief Harry Stewart, and Sheriff Norbert Roll.²⁰ Governor Combs, hesitant to isolate pro-vice voters, declined to act on the SAC's recommendations. Privately, he informed the SAC representatives that he had no intention of "spinning his wheels" by working to clear-up Newport politics, only to have similar individuals back in positions of prominence within a year or two. Publicly, he issued a statement filled with rhetoric about his commitment to justice and good government, all the while hedging the question and failing to act authoritatively.²¹ The Campbell County grand jury; however, did not share those reservations. Having

¹⁹ Combs, interview.

²⁰ Dudley Thomas Pomeroy et al., *Affidavit*, State of Kentucky, Fayette County, March 2, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; Breckinridge, interview.

²¹ "Citizen Group Girds to Back Able Officials: Help Anticipated from Governor in Law Enforcement, Combs Says He First Must Determine Jurisdiction in Requested Ousters," *Kentucky Post*, March 18, 1961.

returned to the normal routine of Newport legal action, the grand jury responded with a hostile rebuke of the SAC's approach.²² In a final attempt to muzzle the reformers, Commonwealth Attorney William J. Wise issued a statement ostensibly representative of the grand jury's sentiments. In it, Wise railed against the growing reform movement, ultimately isolating vice more than ever before.

We are mindful of a continuing campaign being carried out by a reform group which has enjoyed the active assistance of newspapers published in Louisville. As representative citizens who consider ourselves decent, law-abiding people, we fell impelled to assert that this group, essentially devoted to reform, has caused a grossly distorted picture of our community to be presented to the various news media. Those who manufacture news through public pontifications likewise thrive on the publicity that they thus enjoy.²³

Wise continued to argue that if Campbell County desired change it must be accomplished by vote, as that was the appropriate method for exacting meaningful reform. Noting that Northern Kentucky voters had not indicated a desire for change at the ballot box, Wise further angered the growing numbers of area residents who saw their legal system as corrupt and without hope for redemption. To any who cared to notice, the failure to produce a revolution with the ballot had, to this juncture, been more a function

²² Seifried, interview by Lew Wallace.

²³ Barker, Potter, and Meglen, *Wicked Newport*, 73.

of the level of control exercised by syndicate operators than the community's preferences. Wise overstepped his bounds with the public denouncement of the SAC, and instigated the development of a civic organization that would complement the SAC, broaden reform's support base and usher in the critical strike against vice in Northern Kentucky.²⁴

Wise's commentary unwittingly united a number of factions that had previously not worked together against vice. Prior to 1961, area businessmen tied their success to that of the casinos. Many Northern Kentucky small business owners earned their livings supplying the needs of the illegal clubs. When vice suffered a shut down, area businesses struggled, as well. Consequently, they had long been staunch supporters of pro-vice candidates in local elections and appointments. Their loyalty to the syndicates and to the local operators often placed them in direct conflict with reformers, despite the fact that they frequently shared church affiliations, family ties, and community aspirations. In one instance, a local meat supplier, enduring a particularly difficult reduction in income as a result of reform actions against vice, expressed his frustrations rather violently. As Seifried

²⁴ Ibid.

delivered to his postal route, the man reached into the mail truck, dragging Seifried from his seat and onto the street. Though such outbursts rarely occurred with that type of violence, Seifried understood that his assailant was not alone in his reliance on the vice industries for his families' livelihood, and in his frustration with the interruption in revenue when vice shut down. Casinos employed more area citizens than any of the region's legitimate industries. Because so many Northern Kentuckians' incomes were connected to casino operations, they naturally opposed the SAC's attacks on vice.²⁵ That began to change in the early 1960s.

Following Wise's public statement in opposition to the SAC and to the involvement of Louisville *Courier-Journal* reporter, Hank Messick, a group of concerned businessmen, apparently realizing that vice industries were not their only hope for survival and were in many cases repelling legitimate industry from the area, approached Seifried and Reverend Barkau with an offer to help.²⁶ Jack Wadsworth, Dick Hoffman, and Henry J. Hosea, Jr., among others, arranged a meeting with Seifried to express their remorse for having alienated the reform efforts to that point, and

²⁵ Seifried, interview by Lew Wallace.

²⁶ Henry J. Hosea, interview, Special Collections and Archives, Steely Library, Northern Kentucky University.

to detail their plan to join the fight against vice. The SAC representatives plead for more money to aid in the fight against immorality, but Wadsworth and Hoffman insisted that they desired to do more than simply bankroll the ministers' unsuccessful efforts.²⁷

After some discussion, the men agreed that the establishment of a political arm of the SAC could enable the reformers to accomplish some of their previously unobtainable goals. As a federal employee, Seifried could not be party to any of the dealings of the new committee; however, Wadsworth and Hoffman intended the two branches of the reform effort to function seamlessly as complementary pieces of a newly energized whole.²⁸ The new political arm, named the Committee of 500, would seek to build its membership to a minimum roll of 500 community members prior to addressing their concerns again with Governor Combs. The group hoped that by rallying a large number of concerned citizens, they could allay the Governor's fears about "spinning his wheels" in Northern Kentucky. With an eventual membership of approximately 2500 individuals, the Committee of 500 not only convinced the Governor he was not

²⁷ Seifried, interview.

²⁸ U.S. Office of Special Counsel, "The Hatch Act for Federal Employees," http://www.osc.gov/ha_fed.htm. The Hatch Act of 1939, named for New Mexico Senator Carl Hatch, serves to prohibit federal employees from inappropriate engagement in partisan political activity.

wasting his time with reform, but that reform was for him, a politically expedient decision.²⁹

Separating itself from previous reform efforts, including the SAC, the Committee of 500 enjoyed a number of advantages that would enable it to gain credibility and accomplish previously impossible tasks. The Committee of 500's nonsectarian nature made much of what they achieved possible. For the first time in the history of Northern Kentucky's reform movement, Protestants and Catholics joined together to face the vice challenge.³⁰ That would become a key element in their success as they sought to elect candidates to important political offices. Also lending strength to the organization was the fact that the Committee of 500 was intentionally nonpartisan, eliminating the fractious party divisions that had derailed earlier attempts at political reform. Finally, owing in part to their ties with local commerce, the Committee of 500

²⁹ Seifried, interview by Lew Wallace; Hosea, interview; "Committee of 500 Seeks to Enlist 5000 Members," *Cincinnati Enquirer*, April 4, 1961; "Plans for Vice Conference Made after '500' Visit," *Kentucky Post*, April 6, 1961; "Governor's Move is Being Watched," *Kentucky Post*, April 11, 1961; Associated Press, "Combs Promises Help in Campbell Crime Drive: He Will Take Action After Limited Time, Governor Orders A.B.C. Board to Assign Some Good Men to Task," (*Louisville*) *Courier-Journal*, April 11, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 73.

³⁰ Dan Pinger, "Ratterman Cites Unity of Religions: Tells Encouragement of Both Protestant, Catholic Groups," *Kentucky Post*, April 11, 1961; "Pastors Support Ratterman, '500' in Newport Fight," *Cincinnati Enquirer*, April 13, 1961, "Ratterman Backed by Church Group," *Kentucky Post*, April 13, 1961; "United Church Women Support Drive on Vice: 400 Members Give Unanimous Support to Move," *Kentucky Post*, May 5, 1961.

enjoyed liberal funding from its members. The combination of those three factors enabled the Committee of 500 to move forward, prepared to contribute in a meaningful way to the reform efforts already under the SAC's umbrella.³¹

The Committee of 500 deliberated and quickly established three primary organizational goals that would direct their actions and decision making for the following decade. The first was to canvas their community in an effort to evaluate and raise public opposition to gambling. The second was to continue where the SAC had begun. This effort proved less difficult than they had originally feared, and the membership of the Committee soared. Spiraling membership rolls enabled the Committee of 500 to concentrate on their second objective. The Committee of 500 planned to pressure Governor Combs to review their evidence of malfeasance and nonfeasance and to unseat those public servants who were guilty of not fulfilling their obligations to the law.

With growing community support, Governor Combs was more inclined to cooperate with the Committee of 500 than he had previously been with the SAC. His collaboration became politically necessary as it became clear that a

³¹ "Committee of 500 Elects Officers; Public Meeting is Called for Tuesday," *Kentucky Post*, March 31, 1961; "Newport Reform Group Is Set Up," *Cincinnati Enquirer*, March 27, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 74.

rapidly expanding segment of his constituents were turning against the vice traders. This was due in part to the work of the SAC and the Committee of 500, but also to the state-wide publicity Hank Messick's Louisville Courier-Journal articles generated.³² With a large readership, Governor Combs increasingly found himself confronted with constituent questions regarding his plans to improve Newport. With voters turning in favor of reform and the public watching Messick's reports closely, Combs relented and moved to support reform. He appointed Commonwealth Attorney General, John Breckinridge, as the prosecuting attorney and dispatched him to Newport to gather additional evidence. Armed with the power of the state government at his disposal, Breckinridge could force compliance from vice by shutting off the gas and electric to casinos and cutting wire service so they could not transmit bets and race results. With Breckinridge's involvement, the Committee began to see results more quickly than they had anticipated. That led to a sense of optimism that their third objective might be achieved swiftly, as well. Finally, the Committee of 500 considered it their responsibility to help replace those deposed corrupt

³² "Combs May Pay Visit: Campbell Reform Group Gives Governor Report," *Cincinnati Enquirer*, April 6, 1961; "Combs to Ask Judge About Newport Vice," (*Louisville*) *Courier-Journal*, April 6, 1961.

politicians and law enforcement officers with reform replacements.³³

Committee members immediately put their plan into practice, nominating four candidates as city commissioners. As they evaluated other areas where they could create a significant impact with a reform candidate, Committee of 500 members determined that they could do the most good by electing a reform candidate for Campbell County Sheriff. The Sheriff's office was in a singularly powerful position where vice law enforcement was concerned. If the Committee could endorse and successfully elect a candidate for Sheriff, they could almost certainly cripple Newport's casino industry. In preparation for a run for Sheriff, the Committee of 500 created a new political party, known as the Switch to Honesty Party, and appointed prominent pro-reform lawyer Henry Cook as their chief counsel. All that they required was a plausible candidate for Sheriff.³⁴

Fortune produced for the Switch to Honesty Party much more than a plausible candidate. By the spring of 1961, it appeared to the newly formed political party that fate had secured for the reformers a fortuitous opportunity. On

³³ Christian Seifried, interviewed by Lew Wallace, November 1979, Northern Kentucky University, Special Collections; "Court to Decide Combs' Dute in Vice Ouster Case," *Cincinnati Enquirer*, April 7, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 74.

³⁴ Seifried, interview by Lew Wallace.

April 4, 1961, the new political party chose George Ratterman as their candidate for sheriff, setting in motion a series of spectacular events that would define Newport for decades. A ground-swell of popular opposition to the ongoing criminal behavior in Campbell County meshed with Ratterman's charismatic persona to create genuine optimism that lasting reform was finally possible.³⁵ Ratterman was already established and well-known in the community, having deep familial roots in the Northern Kentucky area. He lived outside of Newport but still in Campbell County, in the neighboring affluent suburb of Ft. Thomas. Many of Northern Kentucky's most influential citizens resided in Ft. Thomas, including vice dealers such as Red Masterson and Charles Lester, as well as a significant portion of the Committee of 500 membership.³⁶

A number of Ratterman's family members held positions of prominence in the region, a fact which the Switch to

³⁵ "Ratterman In, First and Goal: Reform Move Gains at Newport," (*Louisville*) *Courier-Journal*, April 5, 1961; Stanley C. Moebus, interview by Hank Messick, September 25, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University.

³⁶ Committee of 500 Press Release, Newport, KY, March 31, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; "Ratterman is '500' Candidate for Sheriff: Draft Call Accepted by Grid Great," *Kentucky Post*, April 5, 1961; Hank Messick, "Ratterman 'Drafted' For Campbell Sheriff: Ex-Football Star Calls for All-Out Drive to Elect Reform Ticket, Clean Up Vice," (*Louisville*) *Courier-Journal*, April 5, 1961; "Group Drafts Ratterman for Sheriff Candidate," *Cincinnati Enquirer*, April 5, 1961; "Ratterman Files Petition in Campbell Sheriff Race," *Cincinnati Enquirer*, April 6, 1961; Cook, interview.

Honesty Party hoped to exploit in their efforts to elect Ratterman Campbell County sheriff. Ratterman was Catholic, which promised to unite voters in a way that had not happened in earlier reform efforts.³⁷ His brother, a priest and the Dean of Men at nearby Xavier University, was particularly valuable as the Committee of 500 sought to bring together a strong voting block.³⁸ Ratterman's Catholicism would prove a strong asset as he was able to rally Catholic support for reform by securing prominent Covington bishop, Richard H. Ackerman, to issue a statement condemning the vice conditions in Newport. This statement proved to be the rallying point for Catholics, who had traditionally opposed gambling reform.³⁹ His in-laws served a critical role in the creation of Ratterman's campaign, as they were committed to reform and had been involved in the

³⁷ "Kentucky Bishop Says Voters Share Blame for Corruption," (*Louisville*) *Courier-Journal*, April, 1961; Jimmy Breslin, "The Curious Crusade of Sheriff Ratterman," *Saga: The Magazine for Men*, May 1962, 63-66, 91-93.

³⁸ George Ratterman, "Speech Announcing His Candidacy for Campbell County Sheriff," Newport, KY, Special Collections and Archives, Steely Library, Northern Kentucky University; Committee of 500 Press Release, Newport, KY, March 31, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "Newport May Close Down Till After Election On Theory Short Memories Will Kill Reform," (*Louisville*) *Courier-Journal*, May 14, 1961.

³⁹ "'Tackle Big Ones First:' Ratterman Tells How He's Attack Vice in Campbell County," *Cincinnati Enquirer*, April 8, 1961; "Letter By Bishop Directed to Youth," *Kentucky Post*, April 17, 1961; "Ratterman Calls on All Faiths to Join in Newport Cleanup," (*Louisville*) *Courier-Journal*, May 2, 1961; George Ratterman, "Speech Announcing His Candidacy for Campbell County Sheriff," Newport, KY, Special Collections and Archives, Steely Library, Northern Kentucky University; Jimmy Breslin, "The Curious Crusade of Sheriff Ratterman," *Saga: The Magazine for Men*, May 1962, 63-66, 91-93.

creation of the Committee of 500. In particular, his father-in-law, the president of Newport National Bank and the treasurer of the Committee of 500, and his two brothers-in-law, both attorneys, helped establish Ratterman as a strong candidate with impeccable credentials.⁴⁰

Complementing his family's influence, Ratterman was himself a competent and attractive candidate. He was new to the political arena, but held enormous promise. An area native, he drew on his established personal contacts as well as his reputation as a home-grown sports hero to develop an aura of political power and influence. A happily married man in his early thirties with eight children, he was the picture of family values and honest ambition. Ratterman held a genuine interest in reform, and brought a laundry list of qualifications to the political arena. Among those was the general public perception of Ratterman as something of a local hero. He had played college football at Notre Dame and later was drafted to play professionally for Buffalo, New York, Montreal, and then Cleveland.⁴¹

⁴⁰ Committee of 500 Press Release, Newport, KY, March 31, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; Cook, interview; Hosea, interview.

⁴¹ Committee of 500 Press Release, Newport, KY, March 31, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

Ratterman left Notre Dame in 1946, following his junior year, to play professional football. His decade-long career was not only a successful one for him athletically, but he also used his time wisely to further his education. He pursued a law degree at night and in off-seasons at various colleges, finally graduating after ten years from the Salmon P. Chase College of Law in Northern Kentucky. By 1956, following the conclusion of his professional sports career, the 34 year old father of 8 (a family that later grew by 2) was living in Ft. Thomas and enjoying a dual career: color commentator for network telecasts of American Football League games and an investment counsel.⁴²

An appraisal of Ratterman's accomplishments by such an early point in his life would indicate that he was someone accustomed to working diligently to achieve goals, and not accustomed to failure. He planned to apply those principles to a career in local politics, only to find that Newport politics functioned by an entirely different and skewed set of rules. Life wasn't safe or fair in dirty Newport. This did not come as a surprise to Ratterman, who anticipated some difficulty and considered that prior to his decision to run for sheriff. In early conversations

⁴² Ibid.

with the Committee of 500, Ratterman shared his commitment to the cause, albeit he tempered his comments with a challenge to those who were to be his support base:

I am willing to run for office if you people are really serious and want a one hundred percent, permanent clean-up. I am not willing to sacrifice four years of my life in this is to be but a temporary clamor. There have been reform movements in our county before. They did not last. That is the reason this county is in the mess which we all know exists today. We must not let that happen again.

I have eight children. I don't want them to grow up in a community where syndicated gambling finds a home, where prostitution flourishes, where officials are known to be corrupt, where alcohol is sold to minors at all hours of the day and night, and where now, it is said, the illegal narcotics industry has found a home. I don't want my children to grow up in such a community, and I don't intend to move. There is only one answer - do everything I can to help clean up Campbell County.⁴³

In spite of Northern Kentucky's long history of corruption and violence, both the optimistic candidate and the Committee of 500 hoped that with his family's community connections and his personal charisma and character, Ratterman would be a candidate that even vice would be afraid to touch.

In a speech announcing his candidacy, Ratterman acknowledged that his political opponents might attempt to utilize character attacks and slanderous tactics to

⁴³ George Ratterman, "Speech Announcing His Candidacy for Campbell County Sheriff," Newport, KY, Special Collections and Archives, Steely Library, Northern Kentucky University.

undermine his campaign, but he seemed steeled for the task, despite those risks. In reference to the threat of personal attacks against either his character or his physical well-being, Ratterman replied with what proved to be somewhat naive bravado, "Let the battle be joined now, for I shall not accept one penny of their foul money, nor shall I be influenced by any of their cheap threats."⁴⁴ It is unlikely that any party involved in the scandal that ensued could have predicted the course that battle would take.⁴⁵

With Ratterman's challenge to vice issued, the characters representing vice interests in that local drama initiated a plan to destroy Ratterman's reform coalition, putting in motion the mechanism of conflict that eventually whirred out of control.⁴⁶ Red Masterson attended the political meetings during which Ratterman announced his candidacy, to great fanfare, and had reported the events to his fellow vice operators and their chosen attorney,

⁴⁴ Ibid; "F.B.I. Probes Phone Calls to Ratterman," (*Louisville*) *Courier-Journal*, April 11, 1961; "Ratterman's Wife Receives Obscene Calls," *Cincinnati Enquirer*, April 12, 1961; "'Abusive' Phone Calls are Reported," *Kentucky Post*, April 12, 1961.

⁴⁵ George Ratterman, interview by Lew Wallace and David Payne, Special Collections and Archives, Stealy Library, Northern Kentucky University; "From Newport: Warning Given Ohio Gamblers," *Cincinnati Enquirer*, April 6, 1961.

⁴⁶ Ratterman, interview; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

Charles Lester.⁴⁷ For the first time, Northern Kentucky casino owners and managers took the threat of reform somewhat seriously. Though they generally believed that this reform movement, like all that came before, would sputter and disappear without any lasting consequence, they were in agreement that some action was due on their part to speed reform's failure.⁴⁸

As in earlier attacks on vice, the local operators and syndicate owners cooperated in their attempt to control the Committee of 500. This collaborative approach, first outlined by Lansky and Luciano at the 1929 Atlantic City Summit, then furthered at the 1946 Havana Summit and again at the 1957 Apalachin Meeting, typified national organized criminal strategy. Bound together in their commitment to illicit industry and the code of silence, Northern Kentucky's vice peddlers remained true to the values and tactics espoused by criminal networks across the country. In an effort to preserve their lucrative business opportunities, various vice factions set aside their rivalries to protect the profit potential for all. They

⁴⁷ Hosea, interview.

⁴⁸ "Big Casinos Continue Operating on Guarded Basis At Newport," *(Louisville) Courier-Journal*, April 12, 1961; "Tropicana, Beverly Hills Casinos Idle: Unlicensed Spots Operate But Face Halt by May Jury," *Kentucky Post*, April 13, 1961; "Durante Confirms It: Newport Club Closes Its Gambling Casino, Durante Still Booked for Another Week," *(Louisville) Courier-Journal*, April 13, 1961; "Sin-City Vice Has Calmed Down, But Not Died," *Kentucky Post*, April 28, 1961.

consulted with criminal leadership at higher levels, and relied on the experience of early regional bosses to develop their defensive strategies. As Sam Tucker and Moe Dalitz had done in the 1940s and 1950s, the gamblers intended to use their influence to maneuver their political and legal assets, denying reform an honest chance. They quickly discovered that this present reform effort carried more political force than prior movements, creating new challenges for the vice group. As the syndicate's designate in the area, Red Masterson had to deliver this unpopular news to his syndicate superiors. Upon his report that the Committee was beyond his ability to manipulate, Masterson and his colleagues employed another national organized crime strategy. When activities that fell outside the purview of the legal system failed to produce results, they retained sympathetic legal counsel in an effort to manipulate the legal system to their advantage. In Northern Kentucky, Charles Lester had earned a reputation for tenacity and moral relativity. He was the perfect candidate for syndicate legal counsel.⁴⁹

Lester faced the distinct challenge of gaining cooperation from three factions in Newport's vice industry.

⁴⁹ Cook, interview; William W. Turner, "Crime Is Too Big for the FBI," *The Nation*, November 8, 1965, 322-24.

The first was the Cleveland Syndicate, who retained ownership in the Beverly Hills Country Club, the Merchant's Club and the Yorkshire Club. Though their top leadership had long since departed Newport for Las Vegas opportunities, the Cleveland Syndicate remained a powerful and relevant competitor in Northern Kentucky's vice markets. Red Masterson acted as their regional representative and enforcer, though he proved unable to handle the new reform movement adequately on his own. The second group was the local independent operators, best represented by Tito Carinci, the owners of the Playtorium and the Snax Bar, and Charles Lester. The final faction was under the dominating influence of Screw Andrews, and included both the prostitution and numbers rackets in Northern Kentucky and Cincinnati.⁵⁰ While the task of coordinating the interests of all three factions proved difficult, Lester managed to generate some common ground, and all agreed to support the crooked attorney in his plan to ruin Ratterman's run for sheriff.

Lester and Carinci devised a blackmail and smear campaign based loosely on a previously successful vice tactic.⁵¹ In the 1950s, a local Catholic priest, Father

⁵⁰ Hosea, interview; Barker, Potter, and Meglen, *Wicked Newport*, 76.

⁵¹ Cook, interview.

Brennan, who had been a vocal proponent of reform, found himself drugged by the syndicate and photographed in his underwear with a nearly nude woman on his lap. The scheme forced the clergyman to leave Newport in disgrace, labeled a hypocrite by his own parish and former allies.⁵² The two hoped to employ their plot in an effort to discredit Ratterman, and force him to abandon his run for sheriff.⁵³

Knowing that the Committee of 500 very much desired an inside connection with the vice factions in order to monitor their actions and motives, Lester arranged for Tom Paisley, a mutual friend of Ratterman and Carinci, to deliver a message to the reform candidate. Paisley told Ratterman that Carinci wanted to escape the illegal gambling business, but was unsure about how to proceed and wanted Ratterman's advice and guidance. The request was not altogether unbelievable, as the two had been acquaintances for years due in part to Ratterman's brother's role as the Dean of Men at Xavier University, where Carinci had played college football.⁵⁴

⁵² Hosea, interview; Frank Staab, interview by Hank Messick, November 11, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁵³ "Ratterman Was 'Framed,' Johnson Says of Vice Raid," *Kentucky Post*, May 9, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 76.

⁵⁴ "Grand Jurors and Newport Police to Investigate Ratterman Case: Drugging Story Details Sought," *Cincinnati Enquirer*, May 11, 1961; George Ratterman, interviewed by Special Agents John M. Barry and Warren L. Walsh, Newport, KY, May 15, 1961, Special Collections and

On the night of May 8, 1961, Ratterman traveled across the bridge to Cincinnati to meet with Carinci. In the early evening hours of May 8th, Paisley met Ratterman at the Old South Restaurant for cocktails and then on to the Terrace Hilton for dinner.⁵⁵ Following dinner, the pair joined Carinci in the Gourmet Room Bar at the Terrace Hilton, where Ratterman had an additional drink.⁵⁶ The three men then left Cincinnati, at approximately 1:30 am, and crossed the bridge into neighboring Newport for appetizers and drinks at Carinci's Tropicana. Upon their arrival at the Tropicana, the trio by-passed the illegal gambling operations located on the lower levels of the property, proceeding instead to a private suite on the third floor.⁵⁷

Shortly thereafter, Marty Buccieri sent Tropicana showgirl, Rita Desmond to the suite to find an extremely drowsy Ratterman, "feeling so weak that" he "wanted to lie down."⁵⁸ At this point, Carinci directed 26 year-old

Archives, Steely Library, Northern Kentucky University; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

⁵⁵ The Commonwealth of Kentucky v. Paisley and Carinci, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University.

⁵⁶Ratterman, interview by Special Agents John M. Barry and Warren L. Walsh.

⁵⁷Ibid; "Newport May Close Down Till After Election On Theory Short Memories Will Kill Reform," (*Louisville*) *Courier-Journal*, May 14, 1961; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

⁵⁸ The Commonwealth of Kentucky v. Paisley and Carinci, 11832 (Campbell Circuit Court, 1961); Ratterman, interview by Special Agents John M.

Tropicana showgirl Juanita Jean Hodges, stage-named April Flowers, to interrupt her strip act and to go at once to suite 314 without bothering to change her costume. Just after 2 am, Hodges reached the suite, where Desmond asked her to go into the bedroom to try and awaken Ratterman. Court testimony indicated that Hodges did so, but failed to wake him. As the stripper struggled to stir the reform candidate, Carinci returned to the suite, requesting that Desmond and Paisley accompany him elsewhere in the club, leaving only Hodges and Ratterman in the suite.⁵⁹

By 2:20 am, the gambling operations on the third floor closed much earlier than usual, and casino employees asked the patrons to leave the floor.⁶⁰ Meanwhile, the vice plot continued to unfold. Ratterman would later recount that he groggily recalled a commotion involving "some men in the room and a female form in a red dress and someone pulling at my clothes."⁶¹ At 2:32 am, the Newport Police station received an anonymous phone call for Newport Chief of

Barry and Warren L. Walsh; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

⁵⁹ Ratterman, interview by Special Agents John M. Barry and Warren L. Walsh; Breslin, "The Curious Crusade of Sheriff Ratterman," 63-66, 91-93.

⁶⁰ Ibid; *The Commonwealth of Kentucky v. Paisley and Carinci*, 11832 (Campbell Circuit Court, 1961).

⁶¹ Ratterman, interview by Special Agents John M. Barry and Warren L. Walsh.

Detectives Pat Ciafardini.⁶² Ciafardini, though not on duty that evening, was strangely in the department early that morning, having stopped on his way home from an Executive Officers Meeting of the Fraternal Order of Police meeting in Louisville, Kentucky.⁶³ Ciafardini took the call that reportedly claimed that prostitution was occurring in room 314 of the Glenn.⁶⁴ The unnamed caller told the officer if he wanted "to get George Ratterman, he is in room 314 of the Glenn Hotel."⁶⁵

Within minutes, three police officers, led by Ciafardini, went to the Tropicana, where they conducted three controversial arrests. They first arrested Carinci for obstruction of justice as he tried to prevent them from entering the elevator. The arrests of Hodges and Ratterman followed almost immediately and within days the debacle was national news.⁶⁶

The individuals involved disputed the evening's actual events in the trials that followed, though a number of critical similarities emerged from among the various versions of the narrative. Ciafardini found the groggy

⁶² City of Newport, Kentucky Police Report, Case no. 59401, May 9, 1961; Frank Staab, interview by Hank Messick, November 11, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁶³ City of Newport, Kentucky Police Report, Case no. 59401, May 9, 1961.

⁶⁴ Ibid.

⁶⁵ The Commonwealth of Kentucky v. Paisley and Carinci, 11832 (Campbell Circuit Court, 1961); City of Newport, Kentucky Police Report, Case no. 59401, May 9, 1961.

⁶⁶ Ibid.

candidate in bed with the 26 year old stripper, both nearly naked, and by the end of the week, national attention was focused on Ratterman's trial.⁶⁷ Police reports indicated that the officers found Ratterman wearing nothing but a white shirt and socks, though he vehemently disputed that fact, asserting that his pants had been removed from him by the officers.⁶⁸ The detectives claimed Ratterman scuffled with them, then they wrapped him in "a light blue green Chinelle [sic] bed spread" and took both him and Hodges, clad in an imitation-leopard negligee, back to the station for booking.⁶⁹

Co-conspirator Charles Lester promptly arrived at the police station, after having called a bondsman who posted bail for Hodges and Carinci, but refused to provide bail for Ratterman. Lester later admitted he had been up since 2 am, "when the Ratterman deal broke", which was more than half an hour before arrests occurred. At approximately 4 am, witnesses saw all six persons accused of Ratterman's

⁶⁷ David Wecker, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981.

⁶⁸ *The Commonwealth of Kentucky v. Paisley and Carinci*, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Stealy Library, Northern Kentucky University.

⁶⁹ "When Arrested, Detective Asserts Dancer Wore 'Leopard' Robe, Court is Told," *Cincinnati Enquirer*, May 17, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 77.

drugging and set-up, including the three police officers, at the Tropicana together.⁷⁰

The following morning the press saturated Newport, bustling to break the story. Regional newspapers splashed the arrests across their front pages, as Ratterman insisted he had been drugged and set up.⁷¹ Of course, the gamblers and police recounted the details a bit differently. They insisted that Ratterman was a degenerate who had been out reveling with Carinci, as he had supposedly done many, many times before. This fabrication would unravel later in the day, as the hospital report on Ratterman's blood tests indeed reflected the presence of drugs.

Upon his release from jail, Ratterman remained nearly incoherent and extremely tired. His condition so alarmed his wife, that she took him to their family physician for an examination. Their physician recognized that Ratterman was under the influence of some type of narcotic, and he rushed the still-groggy Ratterman to the hospital for extensive blood work. The hospital immediately sent the blood samples to Dr. Frank Cleveland, the pathologist for

⁷⁰ Staab, interview.

⁷¹ Barry M. Horstman, "George Ratterman: He's the Man Who Cleaned Up Newport," *The Cincinnati Post- Online Edition*, August 12, 1999, <http://www.cincypost.com/living/1999/ratter081299.html> (accessed June 11, 2003).

the Cincinnati and Newport coroner.⁷² Ratterman's blood work disclosed traces of approximately 3-4 grams of chloral hydrate, commonly referred to as the "Mickey Finn" or "knockout drops," estimated to have been ingested between 10:00 pm and 11:00 pm the previous evening.⁷³ As the results of the drug toxicology became available to the public, and the transparency of the vice plot became obvious, sympathy and support for Ratterman and his family poured in. It was clear that Newport was in a state of chaos unlike anything it had witnessed prior to that point. One well-known bookie was quoted by a local columnist as lamenting, "some stupid sonofabitch thought this one up... we're going to have a mess on account of this."⁷⁴ The bookie could not have been more accurate in his analysis.

⁷² "Anti-Vice Leader Ratterman Victim of Knock-Out Drops: Chloral Hydrate Found in Kentuckian's Blood," *Cincinnati Enquirer*, May 10, 1961; "Ratterman Given Knock-Out Drops, Lab Report Shows," (*Louisville*) *Courier-Journal*, May 10, 1961; "Ratterman Blames Tito for 'KO' Drink," *Kentucky Post*, May 16, 1961; George Ratterman, letter to Special Agent Frank F. Staab, May 31, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University.

⁷³ George William Ratterman, interview by Special Agent Frank. F. Staab, Lexington, KY, October 10, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "Reformer Describes His Arrest," (*Louisville*) *Courier-Journal*, May 9, 1961; "'Wrong Place'—George," *Cincinnati Enquirer*, May 10, 1961; "Ratterman to Stay in Race for Sheriff: Reform Group Believes Former Grid Star Was Drugged and Framed," *Cincinnati Post and Times Star*, May 10, 1961; "Ratterman Drugged, Pathologist's Testimony," *Cincinnati Enquirer*, May 19, 1961; Elmer Hall, "Lab Man Says Drug in Blood of Ratterman," (*Louisville*) *Courier-Journal*, May 19, 1961; *The Commonwealth of Kentucky v. Paisley and Carinci*, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University.

⁷⁴ Barker, Potter, and Meglen, *Wicked Newport*, 77.

The arrests not only stirred local sympathy, but also stimulated national interest. United States Attorney General Robert Kennedy, who had been monitoring the corruption in Newport since his review of the reports of the Kefauver hearings and his subsequent visit to the region on September 14, 1960, was particularly concerned with the evolving situation.⁷⁵ Immediately following the story's release in the press, a prominent Kenton County reformer, who had been critical in the success of his John F. Kennedy's presidential campaign in Northern Kentucky, wrote a personal letter to the Attorney General. Within twenty-four hours of Robert Kennedy's receipt of the letter, Kennedy dispatched to Newport the Justice Department's Ronald Goldfarb, along with thirty-nine FBI agents. The Ratterman scandal had pushed Newport's criminals into the national spotlight, as the town would become one of Kennedy's key examples and a prime target in his assault on organized crime.⁷⁶ When calling on the

⁷⁵ Messick, *Syndicate Wife*, 139.

⁷⁶ Seifried, interview by Lew Wallace; Staab, interview; "Kefauver Says Newport is Run by Syndicate," (*Louisville*) *Courier-Journal*, February 5, 1961; "Racketeers Target of Bob Kennedy... Proposed New Crime Laws Would Hurt Newport Syndicates," *Kentucky Post*, April 7, 1961; "U.S. Eyes Ratterman Case: Department of Justice Is on Alert," *Kentucky Post*, May 11, 1961; "Cleanup Drive Aided by Ratterman Case: Committee of 500 Now Claims 1700 Members; Donations Are Numerous," *Kentucky Post*, May 11, 1961; Hank Messick, "F.B.I. Investigates Ratterman's Arrest in Newport Hotel," (*Louisville*) *Courier-Journal*, May 11, 1961; "F.B.I. Moves Under 1870 Law: Bureau Looks For Evidence of Federal Offense," *Cincinnati Enquirer*, May 13, 1961; "F.B.I. Probes Arrest of Ratterman," *Kentucky*

Senate Judiciary Committee on June 6, 1961, to support his crusade against interstate trafficking and organized crime, Kennedy would refer to the professionalism and skill of Newport criminals. As he sought to describe their power and influence and the effect it had on the prosecution of gambling and organized crime, he described the "hoodlums and racketeers who have become so rich and so powerful."⁷⁷

Despite the evolving public discontent over the Ratterman affair, the overwhelming press coverage, and the influx of federal agents, Charles Lester and the pro-vice officials remained somehow confident that they could yet again avoid permanent consequences.⁷⁸ As they braced themselves for the trial, scheduled to begin May 16, 1961, public opinion shifted away from them.⁷⁹ For nearly two centuries, gambling operators and other vice peddlers could depend upon a prevailing sense of apathy, if not tacit support, from Northern Kentuckians, with regard to their

Post, May 13, 1961; "Newport Wide Open-Kennedy," *Kentucky Post*, May 17, 1961; "Robert Kennedy Urges Fight on Crime Bosses," (*Louisville*) *Courier-Journal*, May 17, 1961; Joseph H. Dressman, "Money Changing Hands in Vegas Peanuts to Newport, Prober Says," *Cincinnati Enquirer*, May 25, 1961; Cook, interview.

⁷⁷ Ronald Goldfarb, *Perfect Villains, Imperfect Heroes: Robert Kennedy's War Against Organized Crime* (Sterling, VA: Capital Books, Inc, 1995), 46-47; Hank Messick, interview by Lew Wallace and Frank Steely, July 14, 1979, Special Collections and Archives, Steely Library, Northern Kentucky University.

⁷⁸ "Newport May Close Down Till After Election on Theory Short Memories Will Kill Reform," (*Louisville*) *Courier-Journal*, May 14, 1961.

⁷⁹ "Ratterman Trial Set for Tuesday: Circuit Courtroom to be Setting; FBI Continues Probe of Hotel Episode," *Cincinnati Enquirer*, May 15, 1961.

trades. Lester and his clients would soon find that all that had changed.⁸⁰

⁸⁰ "Reform Move Called Booming: Committee Aide Says 551 Join in Wake of Ratterman Case," *Cincinnati Enquirer*, May 11, 1961; "Mobsters Played a Silly Hand At Newport," *Kentucky Post*, May 13, 1961; "Newport May Close Down Till After Election on Theory Short Memories Will Kill Reform," (*Louisville*) *Courier-Journal*, May 14, 1961; "Handwriting is There: Major Vice is Doomed in Campbell County," *Cincinnati Enquirer*, May 14, 1961; "Committee of 500 Seeks 15,000 New Members," *Cincinnati Enquirer*, May 19, 1961.

CHAPTER SIX

Newport's Trial of the Centuries

As the events of the evening of May 8, 1961 erupted onto the public stage, citizens of both the region and the nation reacted with alarm and interest. The shocking details of the Ratterman scandal placed Northern Kentucky's foibles firmly in the public eye and forced a tide of unprecedented change. What had been acceptable for generations in Northern Kentucky was no longer permitted. National media outlets such as *Time* magazine and the *New York Times* joined local and regional reporters to report the sensational trials that followed. At the local trial, the overflow crowd of 300 reporters and spectators spilled out of the courtroom, as they shuffled to find places to sit on the floor and in the jury box of the small courtroom, designed to hold no more than 75.¹ With the

¹ Laurie J. Blakely, "Report of the Grand Jury," *United States District Court, Eastern District of Kentucky*, May 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Claude W. Johnson, Jr., letter to John B. Breckinridge, Kentucky Attorney General, September 5, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "Ratterman Trial Set For Tuesday," *Kentucky Post*, May 15, 1961; "Ratterman Blames Tito for 'KO' Drink," *Kentucky Post*, May 16, 1961; "Girl is First to Go on Trial in Raid Case," *Kentucky Post*, May 16, 1961; "'It's Our Turn Today,'" Johnson Says: Trial of Ratterman Underway," *Kentucky Post*, May 17, 1961; "Carinci Wept When Arrested, Detective Asserts, Dancer Wore 'Leopard' Robe, Court is Told," *Cincinnati Enquirer*, May 17, 1961; Dan Pinger, "Carinci Challenges Ratterman's Testimony," *Cincinnati Enquirer*, May 17, 1961; Margaret Josten, "Vice Crusader, Not Stripper, Really on Trial," *Cincinnati Enquirer*, May 17, 1961; Elmer Hall, "Ratterman Says He'd Take Test on Lie Detector," (*Louisville*) *Courier-Journal*, May 17, 1961; "Bubble Gum Girl Back in Court - Passing it Out

corruption and vicious nature of Northern Kentucky vice bared for public view, Robert Kennedy and the United States Justice Department would again focus on the dangers of regional and organized crime in Newport and Covington. Sending national resources and investigators to address the possibility of a federal response, Kennedy honed the attention of the U.S. Congress and law enforcement agencies on Northern Kentucky. As the nation turned its attention to the tiny town across the Ohio River from Cincinnati, Newport's trial of the centuries began.

George Ratterman's trial was set for May 16, 1961. As the reform candidate entered the courtroom to stand trial for charges of soliciting a prostitute, local vice attorney, Charles Lester prepared to represent both Tito Carinci and Juanita Hodges. Arguably, the trial itself was an unnecessary ordeal. Committee of 500 founding member and prominent local attorney, Henry Cook, served as Ratterman's defense attorney. He could almost certainly have secured his client's acquittal without Ratterman having to endure the public humiliation of the trial. The legality of Ratterman's arrest was certainly questionable,

Now," *Cincinnati Enquirer*, May 18, 1961; "Ratterman on Stand in Defense," *Kentucky Post*, May 18, 1961; Dan Pinger, "Ratterman Hotel Episode Described by 2 Dancers: Bob Kennedy Cites Newport As Example," *Cincinnati Enquirer*, May 18, 1961; "Big Broom Sweeps Crime From a Corrupt Sin City," *Fort Lauderdale News and Sun-Sentinel*, September 24, 1961; Barker, Potter, and Meglen, 79.

as the arresting officers acted on a unanimous tip, without a warrant, to place Ratterman in custody for a misdemeanor offense. While excusing Ratterman from a trial on that basis would have avoided the tribulation and public scrutiny that followed, it also could have suggested his guilt. Not wanting to tarnish his reputation with any possible implication he might have actually been willingly involved in the lurid affair, and consequently abandon any chance for reform to succeed in the pending elections, Ratterman and Cook steeled themselves for the trial.

Lester and his clients also stood to benefit from the trial. Although it would surely bring unwanted scrutiny to the vice industry in Northern Kentucky, the trial now stood as their best opportunity to damage Ratterman's credibility with voters, reassert vice's control of the region through a display of power, and destroy any hope for reform in the upcoming elections. The stakes were high for both sides. The result of the trial would not only determine the outcome of the relatively simple, if controversial, question of Ratterman's involvement with a prostitute, but it could potentially secure a lasting role for vice in Newport or banish it publicly as never before. If the vice element were to succeed in their attempt to disgrace Ratterman, the reform effort would surely be again

relegated to a powerless position, hopelessly unable to curtail the moral decay it had witnessed in the community for generations. Should Ratterman retain an unblemished record following the trial, the vice dealers could potentially be losing their life's investments, along with any hope of regaining their former prominence in the community or with other criminal national leadership.

With fortunes and reputations on the line, the trial developed into more than a simple legal contest, it became a bitter battle between mortal enemies. Both parties would call on their allies to manipulate the situation in their best interest. Lester initiated the political and public relations wrangling when he persuaded the presiding judge to hear both Carinci and Hodges' cases before Ratterman's. His plan would ensure that before the reformer had an opportunity to go on the offensive, the jury and the fascinated public would hear the array of sordid details that the vice interests claimed against Ratterman. During those first two trials, Carinci, Hodges and Pat Ciafardini all perjured themselves, testifying that Ratterman was routinely linked with prostitutes as well as some of the vice industry's most prominent leaders. The three not only willingly provided false testimony, but they made quite a show of the process. Ciafardini, under oath, asked "God to

strike him dead if he was not telling the truth," while Carinci claimed to have knelt before the altar the morning of the trial to swear his testimony was true.² It would seem that, as it had countless times before, fate favored the wicked as the reformers stood helpless to rebuke their testimony for the time being.

² Laurie J. Blakely, "Report of the Grand Jury"; Claude W. Johnson, Jr., letter to John B. Breckinridge, Kentucky Attorney General, September 5, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "Ratterman Trial Set For Tuesday," *Kentucky Post*, May 15, 1961; "Ratterman Blames Tito for 'KO' Drink," *Kentucky Post*, May 16, 1961; "Girl is First to Go on Trial in Raid Case," *Kentucky Post*, May 16, 1961; "'It's Our Turn Today,' Johnson Says: Trial of Ratterman Underway," *Kentucky Post*, May 17, 1961; "Carinci Wept When Arrested, Detective Asserts, Dancer Wore 'Leopard' Robe, Court is Told," *Cincinnati Enquirer*, May 17, 1961; Dan Pinger, "Carinci Challenges Ratterman's Testimony," *Cincinnati Enquirer*, May 17, 1961; Margaret Josten, "Vice Crusader, Not Stripper, Really on Trial," *Cincinnati Enquirer*, May 17, 1961; Elmer Hall, "Ratterman Says He'd Take Test on Lie Detector," (*Louisville*) *Courier-Journal*, May 17, 1961; "Bubble Gum Girl Back in Court - Passing it Out Now," *Cincinnati Enquirer*, May 18, 1961; "Ratterman on Stand in Defense," *Kentucky Post*, May 18, 1961; Dan Pinger, "Ratterman Hotel Episode Described by 2 Dancers: Bob Kennedy Cites Newport As Example," *Cincinnati Enquirer*, May 18, 1961; "Pathologist, Ratterman Go on Stand Today: To Continue Testimony on 'KO' Drops," *Kentucky Post*, May 19, 1961; "I Don't Think I Need a Girdle Rita Slithers and Courtroom Does Shedding... Of Decorum," *Cincinnati Enquirer*, May 18, 1961; Elmer Hall, "Lab Man Says Drug in Blood of Ratterman," (*Louisville*) *Courier-Journal*, May 19, 1961; Dan Pinger, "Memory Hazy About His Arrest, Ratterman Says in Newport Court," *Cincinnati Enquirer*, May 20, 1961; "Surprise Testimony Brings Dismissal of Ratterman Case," *Cincinnati Enquirer*, May 21, 1961; George Gill, "Lester Says Witness Misinterpreted Call," *Cincinnati Enquirer*, May 21, 1961; "Ratterman Freed, U.S. Probe Awaited: Grandma Blows Case Sky High," *Cincinnati Enquirer*, May 21, 1961; "Guard Arranged for Photographer," *Cincinnati Enquirer*, May 21, 1961; "Jurors Start Probing Arrest of Ratterman," (*Louisville*) *Courier-Journal*, May 22, 1961; "Lester Pooh-Poohs Theory of Ratterman Photo Plot," *Cincinnati Enquirer*, May 23, 1961; "County Tense Awaiting Jury's Report on 'Raid'," *Kentucky Post*, May 26, 1961; "Ratterman Case Report Due Today," (*Louisville*) *Courier-Journal*, May 26, 1961; "Paisley 'Amazed' by Charge," *Kentucky Post*, May 27, 1961; "Not Guilty, They Claim Before Judge," *Kentucky Post*, June 2, 1961; "Murphy Says His Court Not to Be Circus," *Kentucky Post*, June 3, 1961; "Carinci-Paisley Trial No Circus, Murphy Warns," *Cincinnati Enquirer*, June 4, 1961; "Carinci Case Continues," *Kentucky Post*, June 7, 1961; "Carinci Again on Docket With Juanita," *Cincinnati Enquirer*, June 7, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 79.

As Lester and his clients did their utmost to shame the Committee of 500's candidate, Newport's reputation as the sin city of the South again became the subject of national discussion. During the spring of 1961, Robert Kennedy escalated his efforts to legislate interstate commerce in the hope of curtailing organized crime. Ironically, on the same day that Carinci, Flowers, and Ciafardini provided testimony against Ratterman, Kennedy addressed the U.S. House of Representatives, Subcommittee No. 5, to lobby for his proposed federal criminal laws, using Newport as an example of the insidious presence of wide-open illicit activity perpetrated by organized crime. Citing statistical evidence of the widespread criminal activity in Northern Kentucky, the Attorney General linked Newport and Covington with the larger national epidemic, illustrating that interstate exchange of profits from Northern Kentucky casinos could be stopped with the appropriate legislation and enforcement. In particular, he noted that "gambling in the United States... involves about 70,000 persons and operations are so completely intertwined with the Nation's communications systems that denial of their use to the gambling fraternity would be a mortal blow to their operations."³ Doggedly pursuing Congressional

³ Ronald Goldfarb, *Perfect Villains, Imperfect Heroes: Robert F.*

support for the means necessary to fight organized crime and racketeering, Kennedy requested more stringent laws that would cripple gambling syndicates, prevent the criminal intimidation of witnesses, and enable his agents the leeway to grant immunity to insiders willing to provide incriminating evidence against their cohorts. He insisted that previous efforts to address large-scale organized crime had failed, and were no longer effective because the nature of crime had changed. No longer loosely affiliated networks of criminals occasionally cooperating with one another, the modern organized criminal had "become somewhat more sophisticated in the planning and perpetration of his activities in gambling, prostitution, narcotics, bribery, fraud, and larceny. He has moved into legitimate business and labor unions where he embezzles the funds and loots the treasury." ⁴

Kennedy's War Against Organized Crime (Sterling, VA: Capital Books, Inc., 1995), 45-46; Ronald W. May, "Organized Crime and Disorganized Cops," *The Nation*, June 27, 1959, 567-569.

⁴ Goldfarb, *Perfect Villains, Imperfect Heroes*, 46; *The Commonwealth of Kentucky v. Paisley and Carinci*, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; "Robert Kennedy Urges Fight on Crime Bosses, Asks Congress to Arm Justice Department with Laws; He Cites Newport Gambling," (*Louisville*) *Courier-Journal*, May 17, 1961; "Lester Pooh-Poohs Theory of Ratterman Photo Plot," *Cincinnati Enquirer*, May 23, 1961; "Campbell Grand Jury Completes Longest Session," *Cincinnati Enquirer*, May 27, 1961; "Hearing Tomorrow For Carinci, Paisley," *Kentucky Post*, June 1, 1961; "Not Guilty, They Claim Before Judge," *Kentucky Post*, June 2, 1961; "Carinci-Paisley Trial No Circus, Murphy Warns," *Cincinnati Enquirer*, June 4, 1961; "Newport Called Criminal Haven," *Kentucky Post*, June 7, 1961; "Kennedy Cites Newport Again," *Cincinnati Enquirer*, June 7, 1961; April Flowers, Copy of Official Statement Originally Provided

While the national government examined the prevalence of organized criminal networks in their effort to regulate and eliminate national syndicates, Newport criminals faced a similar threat in Northern Kentucky. As Ratterman finally had an opportunity to clear his name, his counsel surprised the court with an unexpected witness. Cook called local photographer, Thomas Withrow, to the stand. Withrow's statements would reverse the momentum, shocking the jury and bringing the true nature of the vice plot clearly into focus. According to Withrow, Charles Lester solicited his help on April 14, 1961. Lester lured Withrow into the conspiracy with a promise of payment for taking photos of an unidentified man and woman, at an undisclosed future date and time. Unable to resist the appeal of such significant compensation for so little work, Withrow agreed to the job, and met with Marty Buccieri at the Glen Hotel to discuss additional details. Buccieri reportedly told Withrow that he would be notified as to when he would find the two subjects together in a hotel room. Lester and Buccieri expected Withrow to quickly snap the picture of the unnamed man and woman, then immediately leave the premises.

to the United States District Attorney's Office in Lexington, Kentucky, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; Barker, Potter, and Meglen, *Wicked Newport*, 79-80.

The elements of the ploy were relatively simple; however, it failed in its application. Following his meeting with Buccieri, Withrow vacillated, finally determining that he wanted no part of the obviously suspect plot. He instructed his wife to divert any calls he received from anyone named Marty, which she did a number of times during the evening of May 9, 1961. Both Withrow's wife and grandmother corroborated his story, with his grandmother's testimony capturing the attention of the media, who declared "Granny blows case wide open!"⁵

With the exposure of the failed photo set-up plan, it became apparent that the vice group had panicked when their plan unraveled. As they placed multiple frantic phone calls to Withrow's home and then realized he was backing out of his agreement to take the blackmail photo, Lester, Carinci and their cohort determined that the next, best option was to have Ratterman arrested. Upon the discovery of the botched photo session, Newport Special Counsel Thomas Hirschfeld, realizing the implications of the admission, told police court judge, Joseph S. Rolf, that he

⁵ The Commonwealth of Kentucky v. Paisley and Carinci, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; "Surprise Testimony Brings Dismissal of Ratterman Case," *Cincinnati Enquirer*, May 21, 1961; George Gill, "Lester Says Witness Misinterpreted Call," *Cincinnati Enquirer*, May 21, 1961; "Ratterman Freed, U.S. Probe Awaited: Grandma Blows Case Sky High," *Cincinnati Enquirer*, May 21, 1961; "Guard Arranged for Photographer," *Cincinnati Enquirer*, May 21, 1961; "Lester Pooh-Poohs Theory of Ratterman Photo Plot," *Cincinnati Enquirer*, May 23, 1961.

believed the case should be referred to a grand jury. Likewise, the prosecutor insisted that the evidence before the court was so compelling that, had he known it existed, he would never have pushed the case forward. As a result, Judge Rolf agreed and dismissed the case against Ratterman. When the details of the trial reached Frankfort and the Governor Combs' office, he was forced to act on the many affidavits he had received regarding Northern Kentucky corruption and vice.⁶

Governor Combs charged his staff with the task of investigating the public servants listed in the affidavits. The inquiry led the Governor to move forward with the procedures for removal of elected officials. In the widely publicized "ouster hearings," Combs brought charges of neglect of duty against Sheriff Norbert Roll, Newport Police Chief George Gugel, Newport Detective Chief Leroy Fredericks and Campbell County Police Chief Harry Stuart. As the hearings began, both Gugel and Fredericks resigned from their posts. The two were found guilty, despite the fact that they had already abandoned their responsibilities, and were prohibited from holding elected

⁶ *The Commonwealth of Kentucky v. Paisley and Carinci*, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; "Lester Pooh-Poohs Theory of Ratterman Photo Plot," *Cincinnati Enquirer*, May 23, 1961; Jeff Laudeman, *Newport-The Real Sin City* (n.p.: JSL Publishing, 1997), 32.

office for a period of no less than four years. The hearings prompted the removal of both Roll and Stuart; however, they received a gubernatorial pardon in the months that followed.

The sensationalism of the ouster hearings produced a number of significant outcomes. As news reports regarding the hearings produced copious evidence of Campbell County's lawless behavior, the Governor declared a state of emergency in the County, providing the State Police unhampered access to and jurisdiction in the area. This effectively put an end to any residual gambling activity, as the State Police were then capable of ensuring the enforcement of state and federal gaming laws.⁷

⁷ Claude W. Johnson, letter to Dr. Harold W. Barkhau, April 13, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; John S. Wadsworth, letter to Bert Combs, Governor of Kentucky, June 27, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Bert Combs, Governor of Kentucky, Executive Order 61-815, October 10, 1961; Bert Combs, Governor of Kentucky, Executive Order 61-816, October 10, 1961; Letter to Bert Combs, Governor of Kentucky, June 27, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Hank Messick, "State-Police Aid Urged in Newport: Ratterman Calls on Governor to Consider Step," (*Louisville*) *Courier-Journal*, May 23, 1961; "Combs Still Pondering Newport Vice Action," *Cincinnati Enquirer*, June 4, 1961; "Combs Orders Vice Hearings," *Kentucky Post*, June 7, 1961; "Governor Spurred by Reopening," *Kentucky Post*, June 8, 1961; "Combs Initiates Ouster Action," *Cincinnati Enquirer*, June 8, 1961; Kyle Vance, "Governor Orders Ouster Hearings for Four at Newport," (*Louisville*) *Courier-Journal*, June 8, 1961; Hank Messick, "Newport Ministers Pledge Needed Evidence: Combs' Action 'What We've Waited For,' Pomeroy Says in Promising N.M.A. Backing," (*Louisville*) *Courier-Journal*, June 8, 1961; "Anti-Vice Leaders Pleased: Feel Combs' Act Backs Early Pledge," *Kentucky Post*, June 8, 1961; "Won't 'Quit Under Fire' - Roll: Only Sheriff Talks; Gugel, Fredericks Mum On Combs' Act," *Cincinnati Enquirer*, June 9, 1961; "Combs' Ouster Move Indicates State Aid in Newport Cleanup," *Cincinnati Enquirer*, June 10, 1961.

Among the more controversial by-products of the ouster hearings was the testimony of Newport madam, Hattie Jackson. On Jackson's disclosure that she delivered weekly payoffs from local criminals to key Newport officials, including Commonwealth Attorney William J. Wise, Judge Ray Murphy, Chief Gugel, Detective Ciafardini and a number of individual officers on the Newport police force, the hearings took a critical new direction. For the first time in Newport history, on April 14, 1961, a special Campbell County grand jury was called and subsequently returned indictments on nearly every influential elected official in the county. Judge Murphy, himself named in the investigation, was forced by the Kentucky Attorney General, John B. Breckinridge, to recuse himself as presiding judge. In his place, ironically, Harlan County Judge Edward Hill oversaw the grand jury proceedings.

Having previously presided over controversial Northern Kentucky grand juries, Hill was more than willing to step in and help complete the reform work he had committed to during his earlier experience in Northern Kentucky. When Commonwealth Attorney Wise became a focus of the investigation, Hill removed him from the proceedings, severely hampering the vice cause. In his stead, the Commonwealth appointed Frank Benton as the new attorney

"pro tem". With the removal of Wise and Hill's appointment as judge, the grand jury functioned, for once, as a legitimate investigative body, untouched by syndicate bribes and intimidation tactics. Their exploration into the county's illicit dealings produced volumes of evidence against both vice traders and local officials, alike. Witnesses included some of the best-informed Northern Kentuckians, as the jury delved into the intricate connections between vice and the law. "Big Jim" Harris even testified, providing evidence equally against both former colleagues and enemies. Consequently, the jury returned ninety-three felony accounts from the nineteen indictments, primarily for the establishment and operation of illegal gambling clubs.

Upon completion of their investigation of the questionable officials, the jury returned, on September 13, 1961, a list of indictments on charges of conspiracy to pervert justice. Among those listed were some of Newport's biggest names, including Mayor Ralph Mussman, City Manager Oscar Hesch, ex-police chief George Gugel, ex-detective Chief Fredericks, Detectives Ciafardini, Upshire White, and George Gugel's son, Edward Gugel, along with three other officers and three city commissioners. Although Wise escaped without an indictment, he received a scathing

public reprimand for what the jury perceived as his lax attitude toward Campbell County's vice trades.⁸

While the sweeping indictments marked a clear turning point in Northern Kentucky history, the trial that followed more closely resembled Newport's heritage of twisted legal maneuverings. The grand jury, however, had gained a national audience, and with that, federal scrutiny of Northern Kentucky practices. As inquiries began in the trial phase of the proceedings, the Immigration Naturalization Service (INS) investigated the region's prostitution rings to determine the citizenship of Newport's madams and prostitutes. INS investigations probed deeply to determine if Northern Kentucky's prostitution market bore the familiar signs of human trafficking that they so routinely found among the nation's brothels. Concurrently, the Internal Revenue Service (IRS) was assessing compliance with the federal gambling stamp

⁸ Judge Edward Hill, Address to the Special Grand Jury, August 16, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; "Ex-Marshal Harris Is Ordered to Testify in Wise Inquiry," *Cincinnati Enquirer*, November 16, 1961; "Report Due Today: Formal Marshal Harris is Ordered Here as Witness," *Kentucky Post*, November 16, 1961; "Jury Probe of Wise Set Tomorrow: 'Big Jim' Harris, Ex-Marshal, to be Witness," (*Louisville*) *Courier-Journal*, November 16, 1961; "He Is 'Snowbound,' May Not Be There, Harris Reports," *Cincinnati Enquirer*, November 17, 1961; "Breckinridge Files New Motion: Renews Try To Bar Wise at Jury," *Cincinnati Enquirer*, November 22, 1961; "State Makes Effort to Bar Judge Murphy: High Court Asked to Keep Jurist Out of Campbell Grand-Jury Proceedings," *Cincinnati Enquirer*, November 22, 1961; Sy Ramsey, "Effort To Bar Judge Murphy May Continue: Breckinridge Reviewing Court Refusal to Prohibit Role in Jury Proceedings," (*Louisville*) *Courier-Journal*, November 23, 1961; "Jury Report in Campbell Later Today," *Kentucky Post*, November 28, 1961.

regulations and began investigations of key vice figures' tax records. Among other findings, their research indicated that in 1959, "1 out of every 145 adult residents of Newport had a fifty-dollar gambling stamp."⁹ This sort of statistic became an important part of Kennedy's strategy in his struggle with Congress to tighten anti-vice legislation. Again speaking before the Senate, Kennedy cited Newport as an example of the pervasive and detrimental influence gambling held among criminal networks and American communities. The attorney general argued convincingly, using Northern Kentucky as a key indicator, that gambling was the "lifeblood of organized crime," which affected not just the small communities in which regional gambling centers were located, but which "provided the kitty, the working capital for a wide range of criminal

⁹ "June 12 Date Set For U.S. Investigation," *Kentucky Post*, May 23, 1961; "Combs Orders Vice Hearings," *Kentucky Post*, June 7, 1961; Thomas Talburt, "Newport Called Criminal Haven," *Kentucky Post*, June 7, 1961; "Kennedy Cites Newport Again," *Cincinnati Enquirer*, June 7, 1961; "Anti-Vice Leaders Pleased: Feel Combs' Act Backs Early Pledge," *Kentucky Post*, June 8, 1961; "Ratterman Jury Probe is Delayed," *Kentucky Post*, June 12, 1961; "Ministers Pose Questions to Roll," *Kentucky Post*, June 13, 1961; "April Flowers Stripped of Kentucky Colonelcy," *Cincinnati Enquirer*, June 13, 1961; Kyle Vance, "April Flowers Loses Colonel's Commission," (*Louisville*) *Courier-Journal*, June 13, 1961; Paul R. Jordan, "U.S. Jury Decides It Will Investigate the Ratterman Case," (*Louisville*) *Courier-Journal*, June 14, 1961; "Jury Re-Enters Ratterman Case," *Cincinnati Enquirer*, June 15, 1961; "Ouster Trial of Four Set for July 14," *Cincinnati Enquirer*, June 18, 1961; United Press, "Kennedy Believes Newport 'Big Time'," *Kentucky Post*, June 26, 1961; "Kennedy Rates Gaming: Newport 'Near Top'," *Cincinnati Enquirer*, June 26, 1961; "Clamp On Gambling May Cost Newport \$100,000 in Taxes," *Cincinnati Enquirer*, December 2, 1961; "Kentucky 3d In U.S. Illegal Betting Spending," (*Louisville*) *Courier-Journal*, December 3, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 100; Barker, Potter, and Meglen, *Wicked Newport*, 81.

activities."¹⁰ For emphasis, Kennedy cited the range of connections between regional criminal networks. To illustrate those connections, he detailed the findings of a federal grand jury in New Orleans which had recently indicted interstate gamblers from ten states, engaged in a national horse-betting syndicate that included notable Newport lay-off gambling figures who made their headquarters in the Glenn Hotel.¹¹

While Congress pondered the role Northern Kentucky played in national criminal activity, local residents continued to focus on the findings of the grand jury in Newport. As the grand jury's indictments and the trial that followed them created general chaos in Newport's legal system, the courts were still dealing with the fates of the Ratterman conspirators. On May 26, 1961, less than two weeks following the dismissal of charges against the reform candidate, the Campbell County grand jury produced additional indictments for conspiracy to have Ratterman arrested. On June 29, 1961, Tito Carinci and Tom Paisley, both named in the indictments, went before Judge Ray L. Murphy's court for trial.

¹⁰ Goldfarb, *Perfect Villains, Imperfect Heroes*, 100.

¹¹ *Ibid.*

The trial should have been all but a foregone conclusion, given the rapidly mounting body of evidence implicating Carinci and Paisley in the plot to discredit Ratterman. Seeming to understand the hopeless nature of the case, Commonwealth Attorney Wise put forth minimal effort in the prosecution of the defendants, calling only two witnesses in the course of the trial. The entire trial lasted only two days, and was conducted in a perfunctory manner. Wise's two witnesses, Ratterman and Dr. Frank Cleveland, testified as they had before the court of public opinion, re-asserting their conviction that the vice element drugged Ratterman for the purpose of destroying his chances at reform. Despite the wealth of damning evidence against Carinci and Paisley, the trial took an unexpected turn. As the witness testimony concluded, Judge Murphy grossly over-stepped his professional boundaries, instructing the jury to return not-guilty verdicts for both Carinci and Paisley. Murphy insisted that the testimony failed to produce even a shred of reliable evidence that Carinci and Paisley planned to do anything other than enjoy a drink with Ratterman, and that the remainder of the evening was entirely Ratterman's choice.¹²

¹² The Commonwealth of Kentucky v. Paisley and Carinci, 11832 (Campbell Circuit Court, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; "Ratterman Jury Probe is Delayed,"

Though not entirely unexpected from a Newport jury, the not-guilty verdicts certainly did little to convince state and federal authorities that Northern Kentucky was committed to its newfound spirit of reform and civil obedience. Even the previously tentative Governor Combs saw the need for increased intervention. Having declared a state of emergency, he was free to send State Police into the area to investigate and enforce the law. That would prove important as federal agents relied on the State Police for their cooperation to conduct key raids on vice operations still in existence.

At 11:30 pm on the evening of August 22, 1961, thirty-five special agents of the Intelligence Division of the Internal Revenue Service, armed with sledgehammers, flood lights and a wrecking ball, filed into seven cars and made

Kentucky Post, June 12, 1961; "Ministers Pose Questions to Roll," *Kentucky Post*, June 13, 1961; "April Flowers Stripped of Kentucky Colonelcy," *Cincinnati Enquirer*, June 13, 1961; Kyle Vance, "April Flowers Loses Colonel's Commission," (*Louisville*) *Courier-Journal*, June 13, 1961; Paul R. Jordan, "U.S. Jury Decides It Will Investigate the Ratterman Case," (*Louisville*) *Courier-Journal*, June 14, 1961; "Jury Re-Enters Ratterman Case," *Cincinnati Enquirer*, June 15, 1961; "Paisley, Carinci Go on Trial Today," *Kentucky Post*, June 19, 1961; Hank Messick, "Carinci-Paisley Trial is Started," (*Louisville*) *Courier-Journal*, June 20, 1961; "Ratterman Faces Quiz Today; First-Day Testimony Challenged," *Kentucky Post*, June 20, 1961; "Ratterman Faces Lester Quiz," *Cincinnati Enquirer*, June 20, 1961; Margaret Josten, "Judge Orders Carinci and Paisley Freed," *Cincinnati Enquirer*, June 21, 1961; "Court Throws Out 'Weak' Conspiracy Case," *Kentucky Post*, June 21, 1961; Hank Messick, "Judge Acquits Carinci, Paisley: Says No Evidence Presented in Ratterman Conspiracy Case," (*Louisville*) *Courier-Journal*, June 21, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 81-82.

their way toward Screw Andrews's Sportsman's Club.¹³ Upon their arrival, an undercover agent already in place inside the Sportsman's Club ensured entry, despite the thick steel doors Andrews had installed to deter raiding parties. As the agents crossed the entrance and streamed into the casino, patrons reportedly ran for the exits in the chaos as Screw Andrews's brother, Junior Andrews, frantically flushed numbers tickets down a toilet. Screw Andrews was not on site during the raid, and so was not witness to the ensuing search which exposed the Sportsman's Club's illicit gambling enterprise. The federal agents discovered a number of hidden betting rooms, equipped with phones for relaying bets. In addition to the concealed gambling rooms, the investigators located a seemingly innocuous looking closet with an odd collection of exposed nails and wire. Upon further examination, the closet revealed itself to be an electronic door which led to yet another secret room containing numbers racket records, nearly \$100,000 in cash, and a significant collection of slot machines and guns.¹⁴ The raid produced a host of evidence against Andrews and his brother, effectively closed the Sportsman's Club down, and contributed to the growing collection of

¹³ United States v. Maius, 378 F. 716 (2d Cir. 1967).

¹⁴ "Andrews Has Right 'Numbers'," *Cincinnati Enquirer*, March 31, 1961; Laudeman, *Newport*, 33; Barker, Potter, and Meglen, *Wicked Newport*, 82.

data that would inform the special federal grand jury investigation that followed.

Despite the increasingly bleak situation facing the gamblers, they remained trapped in their belief that, like so many instances before, they could evade lasting consequences for their illicit operations, and would return to their lucrative business once the legal pressure faded. Ratterman's failure to win the county seat as Sheriff remained pivotal to their eventual victory against reform. To that end, they sought innovative methods to achieve their aims. Though the initial scheme to humiliate and discredit Ratterman failed with disastrous consequences, the vice element remained confident in their ability to reevaluate their options and plan new strategies to secure their survival.

During the fall of 1961, the key Syndicate players stepped back in to the swirling chaos of Northern Kentucky in an effort to provide some clarity and direction for their colleagues. In a meeting held at the Beverly Hills Country Club, the founding Cleveland Four members dominated a strategy session that included nearly every key operator or manager in the region. After intense debate, those in attendance arrived at an agreement regarding their next response in opposition to reform. Moe Dalitz offered to

utilize his political connections to prompt a federal grand jury probe into the Ratterman affair. Still arrogant and overconfident, the Syndicate believed that they held enough sway with key political allies that they could fix the jury, virtually assuring Ratterman's indictment for his role in the scandal.¹⁵

While the Syndicate was indeed able to push the already imminent federal grand jury investigation ahead more quickly, it would not produce their intended consequences. Federal action in the Ratterman and vice inquiries fell under the purview of special assistant to the United States Attorney General, Ronald Goldfarb. A Yale Law School graduate and promising young attorney with capital courts-martial case experience in the United States Air Force Judge Advocate General (JAG), Goldfarb joined Kennedy's New Frontier in 1961. Recruited to serve as a member of Attorney General Robert Kennedy's team, Goldfarb acted as a vital asset for the Organized Crime and Racketeering Section of the Department of Justice. During his four year commitment to Kennedy's Organized Crime task

¹⁵ "Opponents Will 'Use' Trial, Ratterman Says," *Cincinnati Enquirer*, June 14, 1961; "Ratterman Says Tricks Backfire," *Kentucky Post*, June 14, 1961; Laudeman, *Newport*, 34.

force, he conducted grand jury investigations and criminal trials not only in Kentucky, but also in Florida and Ohio.¹⁶

Kennedy dispatched Goldfarb to Kentucky on the day after Ratterman's arrest, and charged him with the execution of federal grand jury investigations into potential federal crimes in Northern Kentucky. Following initial evaluations of the situation in Campbell and Kenton Counties, the young prosecutor established three separate grand juries to address the various infractions. Goldfarb enjoined the first, held in Lexington, Kentucky, to investigate a possible civil rights violation in the Ratterman scandal. The second, located in Covington, Kentucky, was required to provide an analysis of Newport violations of federal law and the final grand jury, seated in neighboring Cincinnati, Ohio, focused its scrutiny on numbers operations in the Northern Kentucky and Southern Ohio region.¹⁷

¹⁶ Goldfarb, *Perfect Villains, Imperfect Heroes*, 3-21; Ronald Goldfarb, official biography, <http://www.ronaldgoldfarb.com/> (accessed February 20, 2009).

¹⁷ *The United States of America v. Charles E. Lester, Edward Anthony Buccieri, Tito Carinci, Patrick Ciafardini, Joseph Quitter, and Upshire White*, 10286 (United States District Court, Eastern District of Kentucky at Lexington, October 27, 1961), Special Collections and Archives, Stealy Library, Northern Kentucky University; Joe Carr, "U.S. Sift of Vice Case Near: Civil Rights Probe in Ratterman Story Seen Next Week," *Kentucky Post*, June 10, 1961; "FBI to Tell U.S. Grand Jury Findings in Ratterman Case," *Cincinnati Enquirer*, June 11, 1961; "Ratterman Jury Probe is Delayed," *Kentucky Post*, June 12, 1961; "U.S. Jury Meets, Ratterman Probe Likely on Today," *Cincinnati Enquirer*, June 12, 1961; "Federal Grand Jury Delays Action in Reformer Ratterman's Case," *Cincinnati Enquirer*, June 13, 1961; "Three-Month Delay Is Seen

Attorney General Kennedy's initial inclination with regard to intervention in Northern Kentucky was to refrain from federal engagement until the conclusion of Ratterman's campaign for sheriff. He asserted that federal involvement prior to the election could inappropriately affect local governance through the normal political process. When, however, local reformers and syndicate allies both pressed for immediate federal action, Kennedy acquiesced, and the proceedings moved forward quickly through the fall of 1961.¹⁸

The Lexington grand jury would garner both regional and national audiences as it began an exploration into possible civil rights violations in the Ratterman matter. The grand jury, under Goldfarb's leadership, would seek indictments based on the Civil Rights Act derived from Civil War Reconstruction statutes.¹⁹ The Civil Rights Act, originally designed to insert a federal response against

In Vice Probe," *Kentucky Post*, June 13, 1961; Paul R. Jordan, "U.S. Jury Decides It Will Investigate the Ratterman Case," (*Louisville Courier-Journal*, June 14, 1961; "Jury Re-Enters Ratterman Case," *Cincinnati Enquirer*, June 15, 1961; Margaret Josten, "Justice Department Aid in Newport Vice Probe," *Cincinnati Enquirer*, June 22, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 82-123.

¹⁸ The United States of America v. Charles E. Lester, Edward Anthony Buccieri, Tito Carinci, Patrick Ciafardini, Joseph Quitter, and Upshire White, 10286 (United States District Court, Eastern District of Kentucky at Lexington, October 27, 1961), Special Collections and Archives, Steely Library, Northern Kentucky University; Goldfarb, *Perfect Villains, Imperfect Heroes*, 82-123.

¹⁹ Goldfarb, *Perfect Villains, Imperfect Heroes*, 88, 91, 104-05, 108-09, 112; Barker, Potter, and Meglen, *Wicked Newport*, 86.

wayward local law enforcement, defined civil rights violations as the deprivation of another's rights, as protected in the United States Constitution, by any public official acting under the color of law. The Civil Rights Act had been used initially to address lynching in the post-reconstruction South, but had gradually been broadened to apply to a larger range of situations where law enforcement agencies had wrongfully applied the law against citizens, depriving them of their "constitutional rights to equal protection and due process of the law."²⁰ Using those statutes as a guide, the grand jury began its commission.

The task before Goldfarb and the grand jury was daunting and presented a number of challenges as they sought indictments. The primary concern was the determination of who, precisely, ought to be the target of indictments. The three arresting officers involved in the Ratterman case, Patrick Ciafardini, Joseph Quitter, and Upshire White, were obvious considerations. The three allegedly participated in a false arrest based on fallacious evidence that was manufactured by public officials. This certainly qualified them for indictment for civil rights abuse as defined in the Civil Rights Act. Abundant evidence indicated that Ciafardini had not only

²⁰ Ibid.

participated in Ratterman's improper arrest, but had also conspired with Charles Lester and Tito Carinci to entrap the reform candidate. Though Quitter and White appeared to be corrupt officers, there was no evidence linking them to the greater conspiracy against Ratterman. Given Ciafardini's involvement in both the conspiracy and the arrest, he emerged as the most logical choice for indictment.²¹

Even though the local Ratterman trial had concluded with a decisive victory for the reformers, the federal investigation delved into the events of the evening of May 8, 1961, with greater intensity. Complicating the federal grand jury's case against the conspirators was the fact that both Ratterman and Thomas Paisley were unable to recall much of the evening, ostensibly due to the effects of the chloral hydrate they both claimed to have ingested. The grand jury uncovered no proof that Paisley had suffered the grogginess and disorientation typically associated with the drug, and there was no blood analysis to support his claim. While Ratterman did have credible blood chemistry

²¹ Paul R. Jordan, "U.S. Jury Decides It Will Investigate the Ratterman Case," (*Louisville*) *Courier-Journal*, June 14, 1961; "Jury Re-Enters Ratterman Case," *Cincinnati Enquirer*, June 15, 1961; "Justice Department Aid in Newport Vice Probe," *Cincinnati Enquirer*, June 22, 1961; Margaret Josten, "Justice Department Aid in Newport Vice Probe," *Cincinnati Enquirer*, June 22, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 86.

that indicated the presence of chloral hydrate, there was some dispute regarding when, precisely, the drug entered his bloodstream. Lester and his cohort contended that Ratterman self-administered the drug following his release from jail on the morning of May 9, 1961, in an effort to camouflage the questionable behavior that they asserted he engaged in willingly.²²

Ratterman's hazy recollections of the evening's events, and thus the credibility of his testimony, were further compromised by his consumption of alcohol prior to the arrest. Though Ratterman's admission that he frequently took a number of cocktails socially was not a secret, and had become a public record following the local trial, Goldfarb's inquiry suggested that the volume of alcohol Ratterman consumed during his meeting with Paisley

²² Federal Bureau of Investigation, Interview of George Ratterman by Special Agent John M. Barry and Special Agent Warren L. Walsh, File no. LS 44-382, May 13, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Federal Bureau of Investigation, Interview of George Ratterman by Special Agent Leroy R. Kirkpatrick and Special Agent Frank F. Staab, File no. LS 44-382-577, October 5, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Paul R. Jordan, "U.S. Jury Decides It Will Investigate the Ratterman Case," (*Louisville*) *Courier-Journal*, June 14, 1961; "Jury Re-Enters Ratterman Case," *Cincinnati Enquirer*, June 15, 1961; Jim Hampton, "Grand Jurors Hear F.B.I. Man for Three Hours," (*Louisville*) *Courier-Journal*, June 15, 1961; "Jury Opens Newport Probe," *Kentucky Post*, June 15, 1961; "'Mystery' Witness Before Vice Jury," *Kentucky Post*, June 16, 1961; "'Ratterman' Jury Hears Detective, FBI Agent," *Cincinnati Enquirer*, June 16, 1961; Margaret Josten, "Justice Department Aid in Newport Vice Probe," *Cincinnati Enquirer*, June 22, 1961; Jim Hampton, "Ratterman Case Jury Adjourns Till July 10," *Cincinnati Enquirer*, June 23, 1961; Joe Carr, "Notorious Vice Figure Heard Again," *Cincinnati Post*, July 25, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 86.

and Carinci was extreme. Estimates of the number of drinks Ratterman imbibed were imprecise, but ranged up to as many as eleven scotch and waters over the course of the evening. Goldfarb, concerned that the sheer volume of alcohol in the reformer's blood stream could have clouded his memories and jeopardized his testimony, sought some assurance of the truth prior to issuing any indictments.²³

Ratterman voluntarily subjected himself to a series of lie-detector tests which failed to produce any evidence that he was being deceptive. Armed with the test results, information regarding corruption and organized crime in Northern Kentucky gathered by federal agents and the earlier Kefauver Committee, and the testimony regarding the Ratterman scandal, Goldfarb determined that the grand jury should move forward with an exhaustive exploration of any possible civil rights infringements. Goldfarb remained resolute in his commitment to a thorough and methodical investigation. Consequently, he was hesitant to issue

²³ Federal Bureau of Investigation, Interview of George Ratterman by Special Agent John M. Barry and Special Agent Warren L. Walsh, File no. LS 44-382, May 13, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Federal Bureau of Investigation, Interview of George Ratterman by Special Agent Leroy R. Kirkpatrick and Special Agent Frank F. Staab, File no. LS 44-382-577, October 5, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "FBI to Tell U.S. Grand Jury Findings in Ratterman Case," *Cincinnati Enquirer*, June 11, 1961; "The Big Sweep in Newport, Kentucky," *Columbus Dispatch*, September 24, 1961; "The Vice Cleanup in Newport, Kentucky: A Frame-Up Started It All," *Akron Beacon Journal*, September 24, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 82-121.

indictments until he collected additional, conclusive proof. This fact increasingly frustrated the members of the Lexington grand jury, who feared that the delay in issuing indictments could jeopardize Ratterman's hopes for victory in the November 7, 1961 election. The grand jury became so anxious to move ahead that their jury foreman placed a number of calls to Attorney General Kennedy in an effort to force Goldfarb into action.²⁴

Fortunately for the anxious jurors and for Northern Kentucky reformers alike, in the days before the election, Juanita Hodges (a.k.a. April Flowers) again surfaced, this time with new testimony that would advance the progress of reform. The former Glenn Tropicana showgirl contacted a television reporter from a neighboring Cincinnati news outlet to divulge what she described as important information regarding the Ratterman case. She clearly sought the public airing of her testimony; however, she refused to report her story to anyone other than FBI agent Frank Staab, who had worked the earlier Ratterman

²⁴ Federal Bureau of Investigation, Interview of George Ratterman by Special Agent John M. Barry and Special Agent Warren L. Walsh, File no. LS 44-382, May 13, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; Federal Bureau of Investigation, Interview of George Ratterman by Special Agent Leroy R. Kirkpatrick and Special Agent Frank F. Staab, File no. LS 44-382-577, October 5, 1961, Special Collections and Archives, Steely Library, Northern Kentucky University; "Ratterman to Be Real Busy In His 'Sweep'," *Cincinnati Enquirer*, November 17, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 82-121.

investigations. Goldfarb and his team of investigators had been seeking just this sort of definitive evidence, and so they made arrangements for Hodges to meet with a team of interviewers including Goldfarb, Staab, and Justice Department attorney Bill Lynch. During the course of the four hour discussion, Hodges successfully underwent a lie detector test, and delivered her version of the events that led to Ratterman's arrest.

Adding Hodges' experience to earlier investigations, Goldfarb and his colleagues were able to create a more complete picture of the vice conspiracy to blunt reform. Their adjusted theory roughly followed earlier timelines, but with key details more firmly in place, the Attorney General could now push forward with indictments. Ratterman, according to Hodges, had been drinking with Paisley and Carinci at a Cincinnati bar when Carinci poured the chloral hydrate into his drink. When Ratterman quickly began to respond to the narcotic influence, Paisley allegedly offered to drive him home. During the brief trip from Cincinnati to Northern Kentucky, Ratterman lost consciousness. With Ratterman completely out of control of his faculties, Carinci and Marty Buccieri forceably carried Ratterman to Carinci's suite at the Glenn Tropicana, and laid him in bed with Hodges. As the group

entered the club, Paisley was distracted by another stripper, Rita Desmond. Hodges indicated that as the conspirators realized that photographer, Thomas Withrow, would not arrive to take pictures as planned, Carinci and his co-conspirators panicked, and called the police to carry out the arrest. While the testimony created some questions regarding the earlier statements by Paisley and Ratterman, it did create a reasonable suspicion that Lester, Carinci, and Buccieri had conspired with at least one public official, and thus had violated Ratterman's civil rights.²⁵

Now confident that indictments could likely produce results at trial, Goldfarb and Lynch presented a bill of indictment to their superiors for signature. With indictments imminent, the Lexington federal grand jury was scheduled to reconvene on October 26, 1961. As Goldfarb, Staab, and Lynch prepared to meet with Hodges for witness

²⁵ Federal Bureau of Investigation, Interview of George Ratterman by Special Agent John M. Barry and Special Agent Warren L. Walsh, File no. LS 44-382, May 13, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; Federal Bureau of Investigation, Interview of George Ratterman by Special Agent Leroy R. Kirkpatrick and Special Agent Frank F. Staab, File no. LS 44-382-577, October 5, 1961, Special Collections and Archives, Stealy Library, Northern Kentucky University; "April Changes Story of Hotel 'Vice Raid': Testimony Not Entirely Factual, Dancer Now Says," *Kentucky Post*, October 24, 1961; "Ratterman Happy Over New Details: 'Grateful' For Juanita Hodges Change of Heart," *Kentucky Post*, October 24, 1961; "Ratterman Framed - April: Double-Crossed, Says Stripper," *Cincinnati Enquirer*, October 24, 1961; "April Flowers Changes Story, Says She, Too, Was Framed," (*Louisville Courier-Journal*, October 24, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 91-100.

preparation the night prior to the grand jury's session, Goldfarb received a message from a panicked Hodges and her boyfriend, Charlie Polizzi. The three federal representatives hurried to Hodges' room, where they found her, along with her boyfriend, in a state of chaos. With liquor bottles and several toy poodles surrounding her, dressed in an imitation leopard-skin kimono and with her hair in curlers, Hodges' and Polizzi informed Goldfarb that they believed she was in real danger. Polizzi, armed with a gun and clearly frenzied, told the three agents that there was a contract on Hodges' life. Apparently the vice interests had determined that they needed to silence Hodges prior to her testimony the following day. Goldfarb and his associates reacted quickly, securing other federal agents to guard the witness and devising a scheme to sneak her into the courthouse safely the next morning.²⁶

Both Hodges and Desmond testified before the grand jury, with Hodges recanting her earlier denials, and reporting that Lester and Carinci lured her into the scheme with a failed promise of a trip to Puerto Rico for her part

²⁶ "April Changes Story of Hotel 'Vice Raid': Testimony Not Entirely Factual, Dancer Now Says," *Kentucky Post*, October 24, 1961; "Ratterman Happy Over New Details: 'Grateful' For Juanita Hodges Change of Heart," *Kentucky Post*, October 24, 1961; "Ratterman Framed - April: Double-Crossed, Says Stripper," *Cincinnati Enquirer*, October 24, 1961; "April Flowers Changes Story, Says She, Too, Was Framed," (*Louisville Courier-Journal*, October 24, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 87; Goldfarb, *Perfect Villains, Imperfect Heroes*, 110-112.

in the scandal. Desmond confirmed that Charles Lester had instructed Hodges to lie about the whole affair. By late afternoon on October 26, the grand jury verified that Lester, Carinci, Buccieri, and Detectives Ciafardini, Quitter and White were all involved in a conspiracy to abuse Ratterman's civil rights, according to the Civil Rights Act.²⁷ Following the Lexington grand jury session, Attorney General Kennedy reported the indictments in Washington as the jury released its scathing report detailing Northern Kentucky's corruption and vice and sparking a flurry of media attention to the call for reform. For the Social Action Committee of the Newport Ministerial Association, the Committee of 500, and George Ratterman, the timing could not have been more advantageous.²⁸

November 7, 1961, arrived in Newport with considerable fanfare. As Campbell County voters cast their ballots for either George Ratterman, the vice candidate, Johnny Peluso, or one of the other unlikely mayoral candidates, reform's victory against gambling seemed to have already arrived. The streets were quiet and empty compared to the normal

²⁷ Barker, Potter, and Meglen, *Wicked Newport*, 88.

²⁸ "Committee Has Done Its Part; Voters Hold Campbell's Fate," *Protestant Action*, September 1961; Barker, Potter, and Meglen, *Wicked Newport*, 88; Goldfarb, *Perfect Villains, Imperfect Heroes*, 92-93, 102, 122, 218-19.

bustle of activity on the strip. Many of the region's casino operators, prostitutes and pimps had already abandoned Northern Kentucky for Las Vegas under pressure from the reform effort. They believed, as did operators from regional illegal gambling centers around the country, that as legal gambling continued to expand in Las Vegas, the risks began to outweigh the rewards of continuing to operate in illegal markets. The brightest and most successful Northern Kentucky operators boarded planes for Vegas long before the electorate cast their vote on Kentucky's Sin City and the future of vice in that region.²⁹

Those who had not, waited anxiously as election workers tallied the vote totals. Despite the syndicate and local operators' attempts to manipulate the election by illegal voting procedures, the Switch to Honesty Party facilitated what was perhaps the most accurate election in the city's history. As syndicate sympathizers attempted to increase their votes using the deceased's identities and by voting at multiple polling locations, poll watchers

²⁹ Christian Seifried, "The Story of the Social Action Committee of the Newport Ministerial Association" (lecture, 1960), Special Collections and Archives, Stealy Library, Northern Kentucky University; "Committee Has Done Its Part; Voters Hold Campbell's Fate," *Protestant Action*, September 1961; Stan Brenning, "Peluso Won't Quit Race," *Cincinnati Enquirer*, June 8, 1961; Goldfarb, *Perfect Villains, Imperfect Heroes*, 92-93, 102, 122, 218-19.

monitored the situation closely, disqualifying a significant number of dishonest votes.³⁰

By 9 pm on the evening of November 7, 1961, official election results were in. Campbell County residents cast a record 26,000 votes, with Ratterman claiming a victory with 12,600 votes. The victory, though spectacular for Newport, was certainly not a landslide. Peluso, who actually defeated Ratterman's vote count within the city of Newport by nearly 500 votes, gained a respectable 7,070 votes in his favor. That the four reform candidates for Newport city commission failed to secure winning tallies provided further evidence that Campbell County continued to struggle with its reputation for vice and corruption. Though reform had not received a clear majority in the public referendum on vice, the Social Action Committee, the Committee of 500 and George Ratterman considered his election a mandate from the people of Northern Kentucky to drive vice from the region permanently.³¹

As reformers enjoyed a jubilant celebration of their hard-won victory, the federal government continued to move forward with its commitment to end organized crime in

³⁰ Seifried, "The Story of the Social Action Committee of the Newport Ministerial Association"; Barker, Potter, and Meglen, *Wicked Newport*, 90.

³¹ Barker, Potter, and Meglen, *Wicked Newport*, 89-90; Laudeman, *Newport*, 34.

Northern Kentucky. By December of 1961, a federal grand jury indicted former Campbell County Sheriff Norbert Roll on four counts of failure to file taxes and Screw Andrews, his brother, Spider Andrews, two of Screw Andrews's nephews and four others received indictments on thirty-five counts of wagering tax evasion. As it became abundantly clear that federal grand juries were now unafraid to indict Newport criminals, remaining vice traders fell silent.

On June 5, 1962, the federal trial regarding the violation of George Ratterman's civil rights began. *U.S. v. Lester, et al.* opened in the packed federal courthouse in Covington, Kentucky to a clamoring media and curious public audience. Ronald Goldfarb and Bill Lynch prosecuted the federal case, while the vice interests sought representation from four of the region's most experienced and successful trial attorneys. Carinci and Buccieri's attorney, Tom Steuve, asserted that the earlier depictions of the evening's events were grossly misrepresented. He insisted that Carinci had not sought the meeting with Ratterman, and that, in fact, Ratterman had approached Carinci and insisted they go to the Glenn Tropicana. Steuve argued that Carinci adamantly opposed the idea, and that Ratterman forced the issue, in spite of Carinci's hesitation. Leonard White, Lester's defense attorney,

attempted to justify his client's behavior and to deny any involvement in a conspiracy, claiming that he only acted as a fine attorney for his clients. Not surprisingly, the attorneys representing the various police officers under indictment argued that their clients had no knowledge of a conspiracy, and were only engaged in the normal execution of their responsibilities as directed by their supervisors. As the defense rested its case, having made every effort to undermine previous testimony, the prosecution prepared to call its witnesses and rebuke the defense's assertions.³²

The prosecution first called George Ratterman to the stand. He outlined the events of the evening of May 8th, 1961, noting that there were prominent periods of time that he could not recall as a result of the chloral hydrate. As he concluded his testimony, the defense attorneys focused their cross-examination for the better part of two days on the embattled Campbell County Sheriff. When the defense concluded their questioning, Henry Cook supported and expanded on Ratterman's recollections. Having represented both Ratterman and the Committee of 500 in the earlier local trials, Cook's statements regarding the gaps in Ratterman's testimony and the series of events that followed his arrest were critical to Goldfarb and Lynch's

³² Barker, Potter, and Meglen, *Wicked Newport*, 92.

effort to prove Ratterman's innocence. Having done so to their own satisfaction, the federal attorneys moved ahead to demonstrate where they believed guilt should lie.³³

They first called to the stand the Newport police officers who had accompanied Detective Pat Ciafardini to the Fraternal Order of Police meeting. Having been with Ciafardini in Louisville the day before the scandal erupted, they confirmed that their senior detective had solicited them to lie with regard to the Ratterman arrest. The prosecution's next witnesses were photographer Thomas Withrow, his wife and grandmother. As they had in the earlier trial, Withrow and his family swore under oath that Charles Lester had approached Withrow to take compromising photos, and that Withrow had avoided the assignment when Lester and his cohorts called the Withrow home the night of Ratterman's arrest.³⁴ With Ciafardini and Lester clearly implicated, the court adjourned for the weekend.

When proceedings continued early on Monday morning, the prosecution called its most valuable and controversial witness to the stand. Juanita Hodges promised to deliver

³³ Barker, Potter, and Meglen, *Wicked Newport*, 92.

³⁴ "Surprise Testimony Brings Dismissal of Ratterman Case," *Cincinnati Enquirer*, May 21, 1961; George Gill, "Lester Says Witness Misinterpreted Call," *Cincinnati Enquirer*, May 21, 1961; "Ratterman Freed, U.S. Probe Awaited: Grandma Blows Case Sky High," *Cincinnati Enquirer*, May 21, 1961; "Guard Arranged for Photographer," *Cincinnati Enquirer*, May 21, 1961; Barker, Potter, and Meglen, *Wicked Newport*, 92.

key testimony that would clarify the events of the scandal, confirm the guilt of the defendants, and secure legal action and public response sufficient to deal a deathblow to organized vice in Northern Kentucky. Her statement began with an attempt to justify her decision to speak for the prosecution, and to recant her earlier testimony. In essence, the former Glenn Tropicana stripper suffered from a guilty conscience. Her mother lay dying of cancer, she felt tremendous shame for the path her life had taken, and found herself unable to live with what she believed had happened to George Ratterman and his family, largely as a result of her actions and earlier perjured testimony.³⁵

As expected, her sworn statement proved compelling evidence against the defendants. She described in great detail the series of events leading up to Ratterman's arrest, including Tito Carinci's insistence that she move quickly to his room in the Glenn Tropicana. There, she reported, were Tom Paisley and Rita Desmond, seated on a couch in the suite. Hodges told the court that after finding Ratterman fully clothed and in a stupor in the bedroom, she returned to the outer room only to find that Paisley and Desmond had left for Desmond's room. Hodges explained that within moments of her return to the outer

³⁵ Barker, Potter, and Meglen, *Wicked Newport*, 92.

room, Newport police rushed into the suite, accompanied by Ciafardini. As the police proceeded into the bedroom, Hodges asked Ciafardini to explain the situation. He reportedly winked at her, leaving her to believe the whole situation was spurious. As that realization dawned on the club showgirl, she testified that she heard a disturbance in the bedroom following which the police emerged from the room with Ratterman, his pants off and covered only with a bedspread.³⁶ In some of the most damning evidence of the trial, Hodges testified that she visited Lester's office on two occasions with Carinci and Buccieri, indicating that in both instances Lester instructed her to agree with the story that both Carinci and the police fabricated, and to add "dirty" details wherever possible.³⁷ When asked why she agreed to such nefarious behavior, Hodges insisted that she feared for her life, as the conspirators told her over and again that "people who talk wind up in the river."³⁸

Hodges was followed on the stand first by George Ratterman's wife, Ann, then by medical experts who detailed the effects of chloral hydrate on Ratterman's system, and finally by FBI agent, Frank Staab, who had conducted the nearly year-long federal investigation. As Staab concluded

³⁶ Barker, Potter, and Meglen, *Wicked Newport*, 93.

³⁷ *Ibid.*

³⁸ *Ibid.*

his testimony, underpinned by his nearly 500 interviews with individuals connected to the Ratterman affair as well as graft and vice in general, the prosecution rested, confident they had revealed the truth of the conspiracy to violate Ratterman's civil rights. The defense again took their witnesses to the stand, giving them a final opportunity to assert their innocence, before unsuccessfully requesting acquittals. The jury deliberated for several days before the foreman reported their deadlock to the presiding judge. The defendants promptly requested a mistrial, which the judge denied, as the prosecution adamantly declared their willingness to retry the case. As the stunned U.S. attorneys waited for approval from Washington to seek a retrial, they gathered their evidence and their lagging spirits to prepare for yet another trial in the saga to eradicate illegal gambling and vice in Northern Kentucky.³⁹

The June 1962 trial of Frank "Screw" Andrews, along with seven other numbers operators in the region, shared the same Covington courtroom and federal judge as the Ratterman case. Lasting nearly a month, the trial utilized the vast evidence gathered during the Sportsman's Club raid

³⁹ "Innocence in Ratterman Affair, Tito Maintains," *Kentucky Post*, June 19, 1963; "Jury Huddles On Ratterman Case Verdict," *Kentucky Post*, August 6, 1963; Barker, Potter, and Meglen, *Wicked Newport*, 93.

organized nearly a year earlier. The IRS case against the defendants was so comprehensive and well-documented that not one of the defendants testified in the course of the proceedings. While the jury deliberated for a number of days, Goldfarb and Lynch feared a repeat of the earlier Ratterman trial. Their apprehensions proved unfounded, as the jury returned guilty verdicts for all eight of the accused, and the judge sentenced them with prison terms ranging from five to six years each.⁴⁰ The successful prosecution of the numbers operators marked the end of the previously lucrative numbers racket in Northern Kentucky and Cincinnati. It did not; however, bring closure to the legal wrangling over vice in the region.

Goldfarb and Lynch were relieved when U.S. Attorney General Robert Kennedy consented to the retrial of the Ratterman case. They were less enthusiastic about what they perceived as their last resort in the effort to push the jury to issue guilty verdicts for the defendants. Having previously avoided placing Paisley on the stand, they faced the reality that they may need his testimony to tip the balance in their favor. Paisley's reputation for having "whored around and engaged in drinking binges"

⁴⁰ Barker, Potter, and Meglen, *Wicked Newport*, 94; Laudeman, *Newport*, 34.

seemed too significant a risk prior to the federal hung jury.⁴¹ Goldfarb and Lynch worried that his weakness as a witness would jeopardize the legitimacy of their case, but as the trial began on the morning of July 15, 1963, the prosecution called their witnesses and hoped for a favorable judgment. Three days of jury deliberation brought reformers a decision that was both cause for celebration and exasperation. Both Lester and Buccieri were found guilty of conspiracy and sentenced to the maximum twelve month prison term, while Carinci, Ciafardini, and the remaining two police officers were acquitted.⁴²

The long and arduous court battles between Northern Kentucky's competing elements of crime and reform finally came to a close in the early 1960s. With their conclusion, wide-scale gambling was permanently weakened, though not authoritatively dismissed. Despite the best efforts of the federal government and legitimate local authorities, it would require the continued efforts of local reformers to complete the task they had begun years prior. As the FBI and the Justice Department slowly removed their assets from Northern Kentucky, claiming a victory over organized crime

⁴¹ Barker, Potter, and Meglen, *Wicked Newport*, 98.

⁴² "Two Guilty, 4 Freed in Ratterman Trial," *Kentucky Post*, August 6, 1963; "Jury Huddles On Ratterman Case Verdict," *Kentucky Post*, August 6, 1963.

and gambling interests, the hard work of social rehabilitation and economic stabilization remained ahead for Northern Kentucky citizens and civil servants. For the battle-weary remnants of both sides of the conflict, the remaining years of the twentieth century brought both promise and disappointment as they struggled to find their way in a post-reform era.

CHAPTER SEVEN

1961-2000: Aftermath of Reform to River City Renaissance

As the smoke cleared following the heated legal battles of the early 1960s, it became increasingly apparent that the intense federal scrutiny and local activism had effectively crippled gambling and organized vice in Northern Kentucky. It was also apparent that, while it would require the combined effort of both local and federal reformers in order to bring about the significant change that the Social Action Committee and the Committee of 500 had sought and struggled to create, it was the power and influence of the federal government which would ultimately bring results. That began as early as 1961, when Attorney General Robert Kennedy pushed the United States Congress to pass restrictive legislation that effectively ended Newport's control of layoff betting east of Las Vegas. Kennedy's legislation took the form of three anticrime bills designed to cripple gambling networks. They did so by making interstate travel explicitly illegal when undertaken for criminal purposes. Additionally they targeted interstate transportation of gambling paraphernalia and the conduction of bets and racing wires across state lines. The legislation would have been tremendously difficult to enforce, had Kennedy not ensured

that it included provisions for court-approved wire-tapping to aid in the collection of evidence. Nationwide layoff betting centers functioned almost exclusively through the transmission of wagers and race data through the phone lines. While this made the practice of layoff betting easier, nearly instantaneous, and very popular, it also made it particularly vulnerable to detection and prosecution with the employment of wire taps.¹

While the legislation was far-reaching in its implications, it carried particular consequence for small, illicit vice communities such as Northern Kentucky. Northern Kentucky had long been identified as one of the key layoff betting centers in the nation, but it was certainly not alone. Other wire services operated in regional gambling dens such as New Orleans, Louisiana and Hot Springs, Arkansas. As the federal legislation took effect, illegal off-track and other forms of layoff betting withered quickly in those areas, just as it did in Northern Kentucky. Justice Department estimates indicated that between 1961 and 1962, income collected from illegal

¹ Committee of 500, "Meeting Agenda," February 14, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University; Committee of 500, "Meeting Agenda," October 28, 1965, Special Collections and Archives, Stealy Library, Northern Kentucky University; The Law Enforcement Consulting Committee, *Report to the Governor of Ohio: Organized Crime*, 1982, 79-96; "This We Have to Do," *Cincinnati Enquirer*, August 13, 1961; Ronald Goldfarb, *Perfect Villains, Imperfect Heroes: Robert F. Kennedy's War Against Organized Crime* (Sterling, VA: Capital Books, Inc., 1995), 45-47, 59, 62, 145-46..

betting fell by one-fifth of a billion dollars. According to Attorney General Kennedy, approximately forty percent of that decrease was directly attributable to the clean-up efforts in Newport.² Local news outlets supported those claims, reporting a sharp decrease in the number of handbook licenses issued during that same period, down to two in 1962 from a high of 149 in 1961.³ It appeared that the federal legislation, combined with the successful prosecution of Frank "Screw" Andrews, and the cresting momentum of the state and local reform efforts under Ratterman's now vindicated moral leadership, had finally achieved the elimination of widespread illegal gambling and

² Committee of 500, "Meeting Agenda," February 14, 1963, Special Collections and Archives, Steely Library, Northern Kentucky University; Committee of 500, "Meeting Agenda," October 28, 1965, Special Collections and Archives, Steely Library, Northern Kentucky University; "Clamp On Gambling May Cost Newport \$100,000 in Taxes," *Cincinnati Enquirer*, December 2, 1961; "Businesses Involved in Expansions; Optimism Noted in 'Attitude'," *Kentucky Post*, July 19, 1962; "New Newport Going Places," *Kentucky Post*, July 20, 1962; "City's Economic Picture Shows Signs of Brightening," *Kentucky Post*, July 20, 1962; "Newport Fiscal Picture Brightens," *Kentucky Post*, August 4, 1962; "Is Now-Sinless Newport a Ghost Town?" (*Louisville*) *Courier-Journal*, January 6, 1963; "Newport's New Climate," *Cincinnati Enquirer*, February 7, 1963; "Credit for Newport," *Kentucky Post*, October 5, 1964; Barker, Potter, and Meglen, *Wicked Newport*, 97.

³ Committee of 500, "Meeting Agenda," February 14, 1963, Special Collections and Archives, Steely Library, Northern Kentucky University; Committee of 500, "Meeting Agenda," October 28, 1965, Special Collections and Archives, Steely Library, Northern Kentucky University; George W. Ratterman, letter for public release, April 28, 1965, Special Collections and Archives, Steely Library, Northern Kentucky University; "Businesses Involved in Expansions; Optimism Noted in 'Attitude'," *Kentucky Post*, July 19, 1962; "New Newport Going Places," *Kentucky Post*, July 20, 1962; "City's Economic Picture Shows Signs of Brightening," *Kentucky Post*, July 20, 1962; "Newport Fiscal Picture Brightens," *Kentucky Post*, August 4, 1962; "Is Now-Sinless Newport a Ghost Town?" (*Louisville*) *Courier-Journal*, January 6, 1963; Barker, Potter, and Meglen, *Wicked Newport*, 97-98.

vice in Northern Kentucky. So successful were their campaigns to elect reform candidates and to isolate and eliminate illegal casinos and bust-out joints, that by 1963, despite the remaining legal battles at the federal level, Ratterman claimed a victory over vice in Campbell County.⁴

While a reasonable observer would have agreed with Ratterman's assertion, Northern Kentucky's local vice operators, in particular, rarely qualified as reasonable observers. Major syndicate bosses and employees had largely abandoned regional vice centers beginning with the expansion of Las Vegas casinos, and had almost entirely extricated themselves by the early 1960s. Cleveland syndicate founder Moe Dalitz remained in Las Vegas until his death of natural causes in 1989. His contributions to that community, where his business was legal, were many and valued, earning him the Humanitarian of the Year Award in

⁴ Committee of 500, "Meeting Agenda," February 14, 1963, Special Collections and Archives, Steely Library, Northern Kentucky University; Committee of 500, "Meeting Agenda," October 28, 1965, Special Collections and Archives, Steely Library, Northern Kentucky University; Executive Committee, Committee of 500, letter to Carl Giancola, November 22, 1963, Special Collections and Archives, Steely Library, Northern Kentucky University; Henry J. Cook, letter to Nicholas Katzenbach, United States Attorney General, November 30, 1965, Special Collections and Archives, Steely Library, Northern Kentucky University; "Businesses Involved in Expansions; Optimism Noted in 'Attitude'," *Kentucky Post*, July 19, 1962; "New Newport Going Places," *Kentucky Post*, July 20, 1962; "City's Economic Picture Shows Signs of Brightening," *Kentucky Post*, July 20, 1962; "Newport Fiscal Picture Brightens," *Kentucky Post*, August 4, 1962; Barker, Potter, and Meglen, *Wicked Newport*, 98.

1976. His colleague, Sam Tucker, also resided in Las Vegas until the 1970s, when he retired from casino work and moved to Miami. There he reunited with Cleveland syndicate co-founder, Morris Kleinman, who had long enjoyed his retirement, savoring his wealth and prominence.

Despite the clear indications that the social, political, and economic climate had changed in Northern Kentucky, local gambling interests disregarded increasingly adverse conditions. As they had for generations before, longtime Newport criminals like Albert "Red" Masterson and Frank "Screw" Andrews assumed that as the community recovered from its momentary bout of guilty conscience, it would again welcome Northern Kentucky's vices and embrace its role as the sin city of the upper South. Following the series of gambling indictments produced during the early 1960s, Masterson reopened a number of former casinos as illicit bingo halls, which, while illegal, did not garner the same opprobrium as their more lavish casino counterparts. While limited in their scope, those halls did maintain an undercurrent of illegal gambling in Newport and Northern Kentucky, albeit without the fanfare or tacit public approval their predecessors enjoyed. Like Masterson, Andrews was too much a product of Newport's checkered history to surrender his dreams of easy fortune and power.

He simply could not accept that the era of big gambling in Newport was over. On his release from prison in 1965, Andrews immediately reopened the Sportsman's Club, concealing a single craps table and one blackjack table in the back. Both Masterson and Andrews would discover they had misjudged the region's tolerance for vice in the post-reform period, as federal marshals closed their operations permanently following a series of 1968 raids.⁵ This final sequence of raids brought to an abrupt end any glimmer of hope local vice dealers held for a future resurgence of organized gambling.

As their ambitions crumbled under the scrutiny of reform government in Campbell County, the last vestiges of large-scale gambling met similar fates or fell into obscurity. While the physical properties formerly associated with casino gambling became hosts to new forms of corruption and debauchery or fell into disrepair, the personalities of Northern Kentucky's vice trade attempted to piece together lives and careers in the post-reform era. Attorney Charles Lester, having served his prison sentence following the federal trial regarding Ratterman's civil rights violations, suffered the humiliation of disbarment. He attempted to regain his status in 1974 through a

⁵ Barker, Potter, and Meglen, *Wicked Newport*, 98.

desperate plea to the Commonwealth, but was denied reinstatement by the Kentucky Court of Appeals. Following his federal acquittal, Carinci, returned to Newport, smug in his perceived ability to control the local political and legal landscape. Area voters convinced him otherwise in 1963, when they failed to elect him Mayor of the city of Newport. Shamed and disgusted, Carinci relocated to Miami, Florida. Though he attempted to leave Newport behind him, the scandal and criminal abuses of his past were not to be ignored for long. In 1965, the Internal Revenue Service placed him on trial for income tax evasion in conjunction with the federal investigation of the Glenn Tropicana's finances. Jurors found him guilty and the judge sentenced him to three years in prison. In 1966, just months into his three-year term for tax evasion, Carinci was again brought to stand trial for charges of bookmaking in Miami. Again determined to be guilty, the former local celebrity earned another two years of probation to be added to the end of his three year prison term. Following his 1968 release, Carinci returned to Miami, where he worked as a used car salesman, apparently maintaining legitimate employment through the completion of his probationary period. His penchant for the illicit remained unappeased; however, as early in 1970, he reportedly moved to New York

and worked in various forms of criminal networks ranging from credit card and consumer fraud to drug dealing. Not one to avoid legal entanglements for long, Carinci again found himself standing trial in 1981 for violation of federal law. Convicted that year of dealing in heroin, he would serve five years of a twenty-year sentence.⁶ Carinci remained tarnished by his transgressions, living in relative obscurity and always slightly outside of legitimate society.

George Ratterman served his term as sheriff, and in the wake of tremendous scandal and upheaval, performed his duties well and faithfully. By all accounts, he worked diligently to uphold the various campaign promises he had made to the community, and successfully maintained Campbell County's freedom from organized gambling and prostitution. His leadership inspired and emboldened other reform-minded citizens to run for office, and established a period of time in which legitimate business held tremendous opportunity and promise. Having weathered a difficult political campaign, Ratterman made an unsuccessful bid for

⁶ Tito Carinci, speech given during campaign for Newport Mayor, August 16, 1963, Special Collections and Archives, Stealy Library, Northern Kentucky University; *United States v. Maius*, 378 F. 716 (2d Cir. 1967); "'Let Newport Run Newport,' Says Tito the Candidate," *Kentucky Post*, August 8, 1963; "Tito Carinci: Drug Charge Arrest," *Cincinnati Enquirer*, July 12, 1981; "Carinci Returns," *Cincinnati Enquirer*, July 29, 1981; Laudeman, *Newport*, 35.

Congress in 1966, following which he moved to Colorado where he worked as an investment counselor and remained until his death in 2007.⁷

Ratterman's departure for Colorado and abandonment of political life was symbolic. Newport and Northern Kentucky would face similar transitions in the years that followed, as the commitment to a "clean" community would continue only briefly through the 1960s, and then was replaced by a complacency and return to "sin" for profit by the 1970s. The elimination of large-scale gambling, what the reformers had seen as their hope for salvation, may have instead damned their community to a position of decreasing promise and relevance. Here again, Northern Kentucky shared its experience with those of other regional gambling centers. Much like Northern Kentucky, places like Hot Springs, Arkansas and Phenix City, Alabama achieved successful reform of their vice and gambling markets with the aid of federal intervention and cooperation with determined local activists. They also faced the same challenges in the wake of reform. The elimination of the criminal created a void both socially and economically. In all three communities,

⁷ Barry M. Horstman, "George Ratterman: He's the Man Who Cleaned Up Newport," *The Cincinnati Post- Online Edition*, August 12, 1999, <http://www.cincypost.com/living/1999/ratter081299.html> (accessed June 11, 2003).; Laudeman, *Newport*, 35; Barker, Potter, and Meglen, *Wicked Newport*, 100.

post-reform leaders stood at the cross-roads of economic viability and ruin. Illegal gambling, which had both damaged the moral fiber of the towns' population and politics and driven their tourism and prosperity, proved to be a significant mark on the communities' history. In all three cases, despite honest efforts to attract legitimate enterprise and maintain tourism, community leaders failed to successfully navigate the long-term transition from illicit to legitimate. Like many regional gambling centers at the waning of wide-scale illicit gaming, they all became shadows of their once-vibrant and bustling selves. As the era of wide-open gambling faded into Northern Kentucky's regional memory, independent investors replaced it, peddling strip shows, peep shows, and prostitution in its place. They occupied the once opulent carpet joints as well as the rough store-front bust-out joints, creating the appearance of a steadily declining and decaying community.⁸

In that environment, former brothel owner and casino operator "Big Jim" Harris, found ample opportunity. Having served his prison sentence and watched as the 1960s reform movement eliminated his former competition, he found reason

⁸ "Sinful Phenix City Cured... Can It Happen in Newport?" (*Louisville Times*, May 23, 1961; "'Committee' Cites Phenix City Record," *Kentucky Post*, June 8, 1961; John Skow, "No Dice in Arkansas," *Saturday Evening Post* 237, no. 22, September 19, 1964, 78-79; Collie Small, "The Town Without a Lid," *Saturday Evening Post* 219, no. 3, July 20, 1946, 22-23, 101.

to re-invest in vice in 1970s Northern Kentucky. He opened and managed the Jai-Alai Piano Lounge on York Street in Newport until his luck again ran out in 1973. Convicted on charges of promoting prostitution, he received a two-year prison sentence in addition to a \$5000 fine.⁹

While Harris received significant publicity as a result of his long history with Northern Kentucky vice, he was certainly not alone in his endeavors to profit from prostitution and voyeurism. Both Monmouth and York Streets, once hosts to some of the nation's finest performers and patrons, were lined with similar clubs. Establishments such as the Brass Mule Lodge (popularly referred to as the Brass Ass), the Mouse Trap, and the Pink Panther were among the most popular, made so by their advertisement of dancers with stage names like Trixie Delight and Liberty Belle. Visitors from Cincinnati frequently patronized the clubs, which were predictably busy on evenings when large conventions were in the neighboring metropolitan area. Unlike the casinos of the earlier era, prostitution and nudity were the headline acts in those establishments. While women had certainly been available in the illegal gambling rooms, their availability

⁹ David Wecker and Mike Phillips, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981; Barker, Potter, and Meglen, *Wicked Newport*, 100.

and assets had been more subtly advertised. The clubs that prospered during the 1970s were overtly sexual and explicit in their intentions. Topless bars and billiard rooms became increasingly lucrative during this period, as were X-rated movie houses and peep shows.¹⁰

As the 1970s came to a close, it became increasingly clear that the elimination of organized gambling had not produced the social and economic utopia that reformers had hoped. In fact, though it had opened the door for legitimate business to propel Northern Kentucky into a new era, it had instead ushered in a period that reformers would find even more damaging and reprehensible. The physical reminders of some of Northern Kentucky's most infamous activity disappeared one by one. The sites were taken over by strip clubs, billiards parlors, and in some cases legitimate businesses.¹¹ A number of fires plagued some of the most renowned former casinos, completely

¹⁰ Claude W. Johnson, Jr., letter to Reverend C.R. Daley, January 29, 1963, Special Collections and Archives, Steely Library, Northern Kentucky University; John A. Kohrman, letter to Frank Benton, September 17, 1966, Special Collections and Archives, Steely Library, Northern Kentucky University; Roland Vories, Mayoral Campaign Brochure, November 1971, Special Collections and Archives, Steely Library, Northern Kentucky University; "Why Roland Vories?" *Kentucky Post*, September 27, 1971.

¹¹ Rita Giordano, "Report From Monmouth Street," *Cincinnati Enquirer Magazine*, September 7, 1980, "He Strikes Again With Bowling Alley," *Kentucky Post*, September 10, 1990; "Sin City No More: A Relic Meets the Wrecking Ball and Unleashes Memories," *Kentucky Post*, December 16, 1995; Wecker and Philipps, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981.

destroying places like the Glenn Rendezvous/Tropicana, the Lookout House, and the Beverly Hills Supper Club.

When the Beverly Hills Supper Club, then a legitimate restaurant and dance club, erupted in flames on May 28, 1977, it brought to an end the era of opulence with tragic symmetry. Having been marred by fire during its earliest operation in the mid-1930s, the Beverly Hills Country Club, then known as the Beverly Hills Supper Club, had been among the few remaining casinos to thrive as a legitimate enterprise following the reform movement. The club's owners had expanded the facilities to include a chapel that locals frequently rented for weddings, and had invested significant resources in the renovation and upkeep of the existing facility. Regularly hosting popular bands and variety acts, the club was dependably crowded on weekend nights. During the Memorial Day Weekend in 1977, the dance club experienced a predictably busy schedule, with approximately 1300 patrons crowding the dance floors and dining areas. At approximately 9 pm on the evening of the 28th, a fire ignited in the club's Zebra Room. Within minutes, thick, black clouds of smoke indicated that the small, localized fire had quickly become an inferno. As club employees recognized the crisis, they began to attempt a full-scale evacuation of the maze of rooms within the

club. In the panic that followed, patrons scrambled to escape the billowing flames and smoke that enveloped the club. The carnage of the evening became horrifyingly apparent as the emergency responders worked with employees and patrons to evacuate and remove bodies from the scene. In all, some 167 people died in the fire, and as the morning of May 29, 1977 dawned, their bodies lay littered on the ground surrounding the site. Like the caretaker's daughter who perished in the 1936 fire, the deceased served as reminder of the pain and suffering that mingled with the frivolity that had so long been a part of the club and region's history and that reformers had for so long attempted to remedy.¹²

Though the 1960s brand of reform had enjoyed a victory over organized gambling, it had failed to remove the deeper corruption endemic in Northern Kentucky. Consequently, the very conditions that had fostered vice and corruption since the 1790s in Northern Kentucky continued to do so in the aftermath of the twentieth-century gambling clean-up. The only notable change was the method of vice delivery. Northern Kentucky, it seemed, was not immune to the pervasive urban crisis described in the mid-1960s by

¹² Ron Elliott, *Inside the Beverly Hills Supper Club Fire* (Paducah, KY: Turner Publishing Company, 1996), 91-142.

President Lyndon B. Johnson. The decay of American cities as feared in the 1960s, gave way to the catastrophic economic conditions of the 1970s. Combined with the sea of change in regard to women's rights and relaxing public attitudes with regard to sexuality, the conditions created by the times proved damaging to the already fragile Northern Kentucky economy. While the nation grappled with an increasingly weakening economy, that was plagued by rising inflation, staggering unemployment rates, and plummeting confidence, Northern Kentucky turned to its roots in an effort to survive. As the economy of the region staggered following the loss of its largest revenue producing industry, other opportunistic entrepreneurs stepped in, willing to skirt state and federal law in the pursuit of great wealth. And again, reformers would bristle and rise to challenge the vice dealers. It seemed that the region was doomed to routinely reevaluate its stand on public morality and good government, weighing whether those characteristics were more or less valuable than the substantive wealth that vice produced for the community.

Newport responded to the latest brand of corruption with yet another attempt to clean up the city. That effort would pit Newport liberals against reformers, much as the

1960s reform effort had; however, their political roles had reversed. By the late 20th century, Newport liberals were traditionalists in the sense that they had long practiced the sort of graft and patronage that characterized cities steeped in organized crime nationwide. They were historically willing to permit a level of corruption, gambling, prostitution and other adult-entertainment industries, provided those remained lucrative for both the city coffers and the local economy. Conversely, the reformers saw no benefit in the perpetuation of vice, and pushed to eliminate illegal industries regardless of any potentially damaging effect on the local economy.¹³

In the dreary disillusionment of the late 1970s, the most recent embodiment of the reform movement came under the leadership of Irene Deaton. Like her predecessor, George Ratterman, Deaton was a Newport native with a large family of eight children. Elected to her first term in city government as a city commissioner in 1975, Deaton used her influence to help usher in reform control of municipal government when reform candidates swept the 1977 elections. Newport citizens again displayed their tendency toward a culture of opposites, when they elected her mayor in 1980

¹³ "Newport Commission Barks, Never Bites Into Problems," *Kentucky Post*, July 4, 1980; "Reform," *Cincinnati Post*, July 9, 1980; Wecker and Philipps, "The Strip's Glitter is Faded, Its Riches Lost," *Kentucky Post*, July 8, 1981.

while simultaneously returning control of the city commission to the liberals.¹⁴

With nearly total control over the creation and repeal of city ordinances, the liberal city commissioners began to undo the stopgaps created by their reform predecessors. So flagrant were their attempts to accommodate vice interests that local citizens again found themselves in a state of outrage, and prepared to combat the spreading adult-entertainment industry. Recalling the successful strategies employed by the Committee of 500 and the Ratterman campaign, and fueled by the burgeoning national conservative movements against crime and sexual immorality, reformers created the Newport Political Action Committee (NEWPAC) and crafted a plan to replace the corrupt commissioners. In 1981, NEWPAC endorsed a number of reform candidates and by the 1983 elections, NEWPAC candidates had replaced the liberal commissioners.¹⁵

Having restored the commission to reform supporters, the NEWPAC candidates passed a number of ordinances designed to cripple the rampant adult-entertainment industry. In 1982 and 1983, commissioners passed city

¹⁴ "Newport Commission Barks, Never Bites Into Problems," *Kentucky Post*, July 4, 1980; "Reform," *Cincinnati Post*, July 9, 1980, "Newport, A City Adrift: Sin City's Reputation Dies Hard," *Kentucky Post*, July 3, 1980.

¹⁵ "Newport, A City Adrift: Sin City's Reputation Dies Hard," *Kentucky Post*, July 3, 1980; Barker, Potter, and Meglen, *Wicked Newport*, 103.

ordinances making it illegal to allow nudity in an establishment that sold alcohol as well as zoning ordinances that effectively stopped the spread of adult-entertainment clubs. Though liberals challenged the ordinances through the court system, in 1986 the U.S. Supreme Court upheld the Newport anti-obscenity ordinance, signaling another crippling blow to vice operations in the region and creating the framework necessary for economic recovery that their predecessors had failed to produce.¹⁶ Newport's reputation for adult industry and vice again drew national attention in 1990, when Phil Donahue featured Newport's mayor, Steve Goetz, city manager, James Parsons, city commissioner, Jerry Peluso, and three exotic dancers on his nationally syndicated talk show. The episode, entitled "Cleaning Up Sin City," pitted the adult industry against the reform government, with Donahue prompting the audience in favor of the exotic dancers' rights.¹⁷ By 1991, the number of clubs featuring nudity and exotic dancers had withered to twelve. Suffering nearly insurmountable profit losses as a result of the ordinance banning public nudity

¹⁶ Jim Dady, "Newport's Bright Lights Are Going Dim," *Kentucky Post*, October 24, 1981.

¹⁷ "Exotic Dancing hits 'Phil Donahue' Show," *Kentucky Post*, September 26, 1990; Peggy Kreimer, "City Hall vs. The Stripper: Entertainment or Issue - Newport's Donahue Debut Puts City Image on the Line," *Kentucky Post*, September 28, 1990; Terry Flynn, "Donahue Show to Bare Newport Nude Debate," *Cincinnati Enquirer*, September 27, 1990.

and the sale of alcohol on the premises of a strip club, the number of establishments steadily declined, with only three remaining by 2003.¹⁸

As the region approached the new millennium, Northern Kentucky embraced the national trend toward urban renewal and rejuvenation. Embodied by projects such as the Monmouth Street Streetscape Project, renovation was not inexpensive. Estimated at a cost of \$4 million, and including new sidewalks and curbs, elimination of all overhead wires and utility poles, installation of underground utilities, and new landscaping, the project was supported, interestingly, by Newport City Manager, Phil Ciafardini, son of former Newport police detective and Ratterman scandal participant, Pat Ciafardini.¹⁹ The younger Ciafardini was well known for his proactive stance and adamant support for the river city's renaissance. As investors witnessed movement toward renovation and restoration projects, they initiated discussions regarding

¹⁸ "Time Running Out on Newport Club; Shutdown Looms," *Kentucky Post*, May 9, 1991; "Court Helps Douse Heat in 'Sin City': But Newport Winning War on Own," *Kentucky Post*, June 24, 1991; Sacha DeVroomen, "Newport Approves Public Nudity Ban," *Kentucky Post*, July 16, 1991; John C.K. Fisher, "Judge Won't Drop Charges Against Mouse Trap Dancers," *Kentucky Post*, October 3, 1991; David Wecker, "Girls Gone Mild," *Southern Exposure, Cincinnati Magazine*, October 2006, 102, 104-107; Barker, Potter, and Meglen, *Wicked Newport*, 104.

¹⁹ Terry Flynn, "Newport's Monmouth Street Revamp Gets Preliminary OK," *Cincinnati Enquirer*, March 6, 2001; "Tropicana a Paeon to Newport's Past: Shady History Polished at Eatery," *Cincinnati Enquirer*, October 12, 2002.

a large retirement community on the former site of the Beverly Hills Country Club. This conversation created considerable debate, as the community largely viewed the site as a sacred spot following the devastating May 28, 1977 fire.²⁰ In their further efforts to reject Northern Kentucky's image as a haven for vice and criminality, Newport city planners planned and constructed the Newport Aquarium and the World Peace Bell, as well as engaged investors in projects like the \$215 million entertainment complex, Newport on the Levee.

Efforts to restore and rejuvenate the levee have thus far proved successful. Local restaurateur, Jeff Ruby, opened a new restaurant designed to play upon the town's past history, capitalizing on its reputation as the sin city of the South in order to contribute to the revitalization of post-reform Newport. After generations had attempted to turn away from the town's tendency toward gambling and vice, Newport, "in the era of the Sopranos" and widescale glamorization of criminal cultures finally "embraced it," gaining legitimate income and notoriety from

²⁰ Peggy Kreimer, "Supper Club Site May Have a Suitor," *Kentucky Post*, March 1, 2001; Marie McCain and Patrick Crowley, "Retirement Community Could Rise at Site of Fire," *Kentucky Enquirer*, March 30, 2001; "Land Remains Undeveloped: Beverly Hills Supper Club Site Returned to Nature," *Kentucky Post*, May 28, 2002.

centuries of illicit behavior.²¹ Naming his establishment the Tropicana, Ruby's restaurant was intended to mirror the former glamour and atmosphere of the Tropicana on Monmouth Street.²² Intentionally conceived to "take people from the norms of Cincinnati and drop you into Newport's vivid past," the Tropicana was Ruby's contribution to the "new city of Newport."²³ The new Tropicana enjoyed a successful grand-opening and fund-raiser attended by two Newport celebrities responsible for making the original Tropicana infamous. Tito Carinci and Pat Ciafardini both attended the gala, while George Ratterman politely declined his invitation. The new Tropicana joined The Syndicate, another themed restaurant located within the Newport on the Levee district and designed to remind patrons of the town's illicit past. While The Syndicate, developed by David Hosea, son of Committee of 500 founder Henry Hosea, was located in the old Glenn Schmidt's bowling alley and casino, and featured props and decorations ranging from old cars parked in front of the building to imitation submachine guns in the lobby, the Tropicana featured

²¹ George De Stefano, "Ungood Fellas," *The Nation* (February 7, 2000): 31-33; "Tropicana a Paean to Newport's Past: Shady History Polished at Eatery," *Cincinnati Enquirer*, October 12, 2002.

²² Crystal Harden, "Ruby's New Tropicana Restaurant to Offer Taste from Newport's Past," *Kentucky Post*, March 1, 2002.

²³ Terry Flynn, "New Ruby Eatery to Recall City's 'Vivid Past': Tropicana to Add Spice to Newport on the Levee," *Cincinnati Enquirer*, March 1, 2002.

musical selections and menu choices carefully chosen to mirror the theme Ruby described as "sleaze with an edge."²⁴

While Newport on the Levee and other urban renewal projects have revitalized interest in the region, increasing renovation of urban living spaces, and a growing community commitment to the survival of the river town may still prove inadequate to rescue Northern Kentucky from its turbulent past. Generations of struggle marked the region, leaving its people skeptical of lasting reform and progress and weary of corruption. As Newport witnessed the close of the twentieth century, and evaluated its post-reform image and economic viability, it remained a second-class city, overshadowed by Cincinnati, a city it can see across the murky water of the Ohio River, and trapped by its dual heritage of sin and sanctity.

²⁴ "Newport's Storied Past Revisited: Restaurant's Theme is City's Gangster Era," *Cincinnati Enquirer*, August 1995; "Newport's Glory Days Revived: New Funspot-Eatery Aspires to be Sort of Latter-Day Beverly Hills," *Cincinnati Enquirer*, October 27, 1995; Terry Flynn, "New Ruby Eatery to Recall City's 'Vivid Past': Tropicana to Add Spice to Newport on the Levee," *Cincinnati Enquirer*, March 1, 2002; "Nightspot Gilds Old Newport Image," *Cincinnati Enquirer*, March 7, 2002.

CONCLUSION

In the more than two hundred years since pioneers and commissioned frontier troops settled the wilderness of Northern Kentucky, the people occupying the once densely forested and roughly contrasting hills and valleys of the region have witnessed tremendous change. At one time a beacon for wild and untamed adventurers, the small towns flanking the Kentucky and Ohio border experienced the development and refinement of modern society and industry on both the northern and southern banks of the Ohio River. While change has been constant, so too has been the struggle to define the role of gambling and vice in the collective character of the region.

As Cincinnati grew from an infant frontier settlement to a bustling city, small towns like Newport and Covington struggled to the south to compete and coexist with their larger neighbor. Failing to develop industry and commerce as fully as Cincinnati did, the Northern Kentucky region found its relevance through its connections to, rather than competition with, Cincinnati, Louisville, and other larger urban centers. One of the key roles it played was that of release-valve for the citizens of those areas. Northern Kentucky provided the vice and decadence that Cincinnati

would not tolerate within its limits, but that so many of its residents and visitors desired.¹

While still in its frontier century, this tendency to embrace chance proved only mildly distressing to the general population, but as Northern Kentucky moved into the reform era of the mid-1800s, its citizens began to struggle in earnest with the dueling interests of morality and criminality. The once-admired spirit of American daring and brazen disregard for risk became more commonly disparaged as a wanton tendency to human weakness and corrupt moral constitution. By the turn of the twentieth century, the opposing proponents of reform and vice began to identify more clearly and separate themselves as they engaged each other in what proved to be a long battle for dominance. With the onset of the prohibition era, the stakes again grew higher as vice became centralized and well-funded, allowing bootleggers and local criminals to usher in an era of wide-open illegal gambling. Protected from consequence by the growing networks of regional and national criminal organization, as well as a rapidly expanding system of graft and political corruption, Northern Kentucky gambling operations exploded during the

¹ James A. Maxwell, "Kentucky's Open City," *Saturday Evening Post*, 1960, 22-23, 82-85.

1930s and 1940s. The pervasiveness of gambling was aptly described by Sy Ramsey in his expose of Kentucky's sin city, as he proclaimed that "decades ago, Newport graduated from a brawling, lusty, Ohio River port to a neon-lit center of syndicate-controlled crime and vice -- a wide-open town where any conventioneer from staid Cincinnati, across the river, could find all the action he wanted."² Fueled by both local patronage and booming tourism, the casinos of the era were so lavish and visible that they spurred renewed reaction on the part of reformers, desperate to upend the momentum of organized crime, violence, corrupt excess, and rampant moral decay they perceived in their communities.

With the coordinated efforts of both local and federal assets, Northern Kentucky reformers achieved a measure of success by the early 1960s. Having struggled for generations to limit the power and influence held by vice traders, those believing themselves to be on the side of morality and progress claimed a victory in the election of George Ratterman to the office of sheriff. However, the swirling chaos of the campaign, scandal and the trials that followed left an indelible impression on the region's

² "Big Broom Sweeps Crime from a Corrupt Sin City," *Fort Lauderdale News and Sun-Sentinel*, September 24, 1961.

population. While the region enjoyed a short-lived period of "clean" government and legitimate industry, it quickly resorted to its former identity when legal enterprise failed to buoy its lagging economy. Again, Northern Kentuckians rallied to the cause of reform, striking against the purveyors of pornography and proprietors of adult entertainment venues in an effort to save their communities. As the twentieth century ended, and Newport and her sister communities throughout Northern Kentucky surveyed their hopes for the future, the region clung to the hope of urban renewal and turned to its past for inspiration as it sought to craft its twenty-first century legacy.

While Northern Kentucky seeks to find peace with its conflicted past, the lessons hard-learned by its citizens provide valuable insight for students of history and current policy makers. Albeit marked by unique regional traits, Northern Kentucky vice markets existed as a representative example of larger national trends in organized crime and gambling. The territory shared many of the same challenges and triumphs that other regional gambling centers faced as national organized crime syndicates gained and then abandoned control of their operations in response to developing opportunities during

the twentieth century. Generally well-financed and thoughtfully organized, those criminal networks proved willing to engage in a full range of behavior from negotiations to bribery and violence in their efforts to generate profit through their gambling centers. For those criminal syndicates, the business of gaming was driven by the probability of profit and power, and held little regard for those who approached the industry with personal interest as their motivating factor. As a result, conflicts emerged, often leading to violence, between local, independent operators and representatives of larger criminal systems.

Violence was not the only unwelcome consequence of widespread, organized gambling operations. Northern Kentucky witnessed the development of accompanying vice that grew in part due to the presence of gambling, and the corruption that enabled it to exist. In particular, prostitution proved troublesome to the regional conscience as it became increasingly prevalent and visible alongside the gambling dens of the sin city of the South. In Northern Kentucky, as in other regional gambling centers, the general population typically responded to the presence of gambling, accompanying vice and the threat or actual presence of violence with attempts at reform. Again, the

region exhibited characteristic traits matching notorious vice districts in Chicago, New York, New Orleans as well as more obscure locations like Hot Springs, Arkansas and Phenix City, Alabama. As gambling interests grew more powerful and brazen in their activity, a struggle emerged between reform and corruption that would fail to produce a resolution until the federal government infused the movement with resources and energy. Even under the umbrella of focused and successful reform movements, the elimination of vice did not ensure social or economic recovery and prosperity. The presence of gambling had produced lasting damage to the community that would require decades of continued struggle to remedy and overcome.³

While Northern Kentucky moves into the twenty-first century seeking to reconcile its past with a hopeful and prosperous future, gambling is again a topic of discussion for the river city and for many other American towns in search of ways to invent revenue streams and bolster tourism. Legalized gambling has grown exponentially as states increasingly embrace riverboat, land-based casino, and trackside gambling in the effort to draw tax revenue

³ Collie Small, "The Town Without a Lid," *Saturday Evening Post* 219, no. 3, July 20, 1946, 22-23, 101; John Skow, "Showdown in Arkansas: No Dice in Hot Springs," *Saturday Evening Post* 237, no. 32, September 19, 1964, 78-79; Homer A. Jack, "'Ice' Over Miami," *The Nation* 171, no. 8, August 19, 1950, 164-165.

from gambling industries and to create jobs in often listless employment markets.⁴ Modeling their experiments on the largely positive economic impact of legalized gambling in Las Vegas, lawmakers and lobbyists often overlook the consequences that can accompany gambling operations, both legal and illicit. The negative impact felt by the citizens of Northern Kentucky illustrates the degree to which gambling can corrupt and undermine the social and moral fabric of a community.⁵ That corrosive influence holds tremendous potential for destruction, even in situations where the gambling is legally sanctioned and closely regulated. This is apparent upon even the most casual observation of places like Las Vegas and New Orleans, where legalized gambling has enjoyed protected status for a significant period of time, and yet the communities struggle with many of the same issues of corruption and violence that marked Northern Kentucky's most flagrant era of widespread gambling.⁶

⁴ Claire D. Schmetzer, Damon Revelas, and Desmond O. Brown, "Casino Gambling From a Border State Perspective: Impact on the Hospitality Industry," *UNLV Gaming Research & Review Journal* 6, no. 2 (2002): 29-42.

⁵ Claire D. Schmetzer, Damon Revelas, and Desmond O. Brown, "Casino Gambling From a Border State Perspective: Impact on the Hospitality Industry," *UNLV Gaming Research & Review Journal* 6, no. 2 (2002), 29-42; Marc Cooper, "America's House of Cards: How the Casino Economy Robs the Working Poor," *The Nation*, February 19, 1996, 11-19.

⁶ Marc Cooper, "America's Last Honest Place: Las Vegas is Capitalism Stripped Bare, If You're Out of Money, You're Out of Luck," *The Nation*, May 24, 2004, 28-30.

The struggle to reform Northern Kentucky's wicked ways was based on the notion that gambling, and the array of accompanying vice it fostered, was overwhelmingly destructive for the community. Despite the collective agreement by the early 1960s that gambling must be eliminated in Newport and the surrounding areas, residents still tend to view the era of wide-open casino gambling with nostalgia and a sense of reverence. This is attributable to a variety of factors, not the least of which includes the fact that gambling provided the region with its greatest prosperity and status, and that the eradication of sin city's sins left the region barren of its former elegance and excitement.

But perhaps there is more to the issue than simple economics and a desire to boost regional tourism. If, as much research indicates, gambling appeals to the national character of Americans, and particularly to the citizens of former frontier towns, then it is possible that the "table-level democracy of luck,"⁷ holds an appeal that transcends profit and speaks to the soul of who Northern Kentuckians perceive themselves to be. Strongly egalitarian and more interested in the product of a person's intellect, determination, and skill than in their lineage or inherited

⁷ Ibid.

wealth, Northern Kentucky's gambling dens, like those in regional gambling centers across the country, served to some degree to level socio-economic and racial inequities, provided opportunities for the wealthy privileged and the disadvantaged alike to wager and test fate's will. In Northern Kentucky's era of large-scale gambling, "as long as your cash or credit line holds out," no one gave "a damn about your race, gender, national origin, sexual orientation, address, family lineage, voter registration, or even your criminal arrest record."⁸

Not only did the illicit gambling industry reflect the regional sense of self, but it also provided Northern Kentucky the means to finance infrastructure developments and community improvements that legitimate business proved unable to match until the twenty-first century. As in so many other instances, Northern Kentucky's vice interests were intelligent businessmen and women, who keenly understood the importance of public relations. Wherever possible, those individuals served their communities in civic or volunteer capacities, and a portion of the money they earned, was returned to the community through legitimate contributions and illicit means such as payoffs

⁸ Ibid, 28; Oswald Garrison Villard, "The West - Tamed and Combed," *The Nation*, December 10, 1924. 617-618.

and bribery.⁹ This is true in gambling enclaves across the nation, and contributes to the problem of reform, as the elimination of vice often necessarily reduces public funding and improvement projects. Consequently, history has borne out a series of cycles in the American experience of gambling. Waves of addiction produced waves of reform, only to cycle back to a dependence on and affinity for games of chance.¹⁰ Despite the weight of evidence to both support and detract from the practice of gambling, both illicit and legalized, America, and Northern Kentucky in particular, will likely continue to struggle with its dueling culture of opposites. As the federal government abandoned its drive to stamp out all gambling, and has relegated the legislation of such activity to the states, regional preferences have again become the central determining factor in a community's acceptance or rebuttal of gambling as a part of its social, political and economic landscape. This was perhaps always the case in Northern Kentucky, where stubborn vice interests weathered the storms of reform over and again, and despite the best efforts of modern conservative movements have had the final

⁹ Carey McWilliams, "Pari-Mutuel Benevolence," *The Nation*, February 18, 1950, 150-152; Heywood Hale Broun, "Gambling as Civic Virtue: Rendering Unto Caesar's World," *The Nation*, June 16, 1979, 720-21.

¹⁰ Fred J. Cook, "Treasure Chest of the Underworld: GAMBLING, Inc.," *The Nation*, October 22, 1960, 303.

word as the region turns with nostalgia to its past to inspire its economic future. As Governor Happy Chandler proclaimed during the era of wide-open gambling, the people of Newport "have the right to have it dirty," if that's what they want!¹¹

¹¹ Betty Boles Ellison, *Illegal Odyssey: 200 Years of Kentucky Moonshine* (Bloomington, IN: 1st Books Library, 2003), 127.

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ABSTRACT

A DARK SIDE OF DIXIE: ILLEGAL GAMBLING IN NORTHERN KENTUCKY, 1790-2000

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The purpose of this dissertation is to uncover and record the history of gambling and its accompanying vices in Northern Kentucky during the period 1790-2000. The treatment begins with a general overview of the existence of gambling and corruption in the region from the town's founding, identifying the key characteristics that established Northern Kentucky as regional vice center. It then details the ways in which gambling developed through the years from loosely organized, locally-run gaming halls into well-funded and strategically managed branches of nationally syndicated crime organizations. In its final chapters, this history describes the fantastic series of events that effectively drove large-scale gambling operations from the area in the 1960s and then evaluates the aftermath of that reform effort at the turn of the century. By examining private papers, in addition to news reports, oral interviews, leading reform organizations'

literature and meeting minutes, police reports, court cases and governmental reports on crime, the dissertation provides the first complete academic assessment of the region's much-fabled history of vice and gambling. As Northern Kentucky citizens seek in the 21st century to reinvent themselves socially and economically, their history could serve to inform current debates regarding the moral, social and economic impact of both illicit and legalized gambling.