

86TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1139
PART 4

FINAL REPORT
OF THE
SELECT COMMITTEE ON
IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD
UNITED STATES SENATE

PURSUANT TO

S. Res. 44 and 249

86th Congress



PART 4

MARCH 31, 1960.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1960

**SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR
MANAGEMENT FIELD**

JOHN L. McCLELLAN, Arkansas, *Chairman*

KARL E. MUNDT, South Dakota, *Vice Chairman*

JOHN F. KENNEDY, Massachusetts

BARRY GOLDWATER, Arizona

SAM J. ERVIN, Jr., North Carolina

CARL T. CURTIS, Nebraska

FRANK CHURCH, Idaho

HOMER E. CAPEHART, Indiana

JEROME S. ADLERMAN, *Acting Chief Counsel*¹

CARMINE S. BELLINO, *CPA—Consultant*

RUTH YOUNG WATT, *Chief Clerk*

¹ Robert F. Kennedy resigned as chief counsel Sept. 6, 1959.

CONTENTS

The coin-operated music, amusement, and cigarette vending machine industry.....	Page 733
Findings—The coin-operated music, amusement, and cigarette vending machine industry.....	855
Summary of committee activities and achievements.....	867
Acknowledgments.....	879

FINAL REPORT

MARCH 31, 1960.—Ordered to be printed

Mr. McCLELLAN, from the Select Committee on Improper Activities in the Labor or Management Field, submitted the following

R E P O R T

THE COIN-OPERATED MUSIC, AMUSEMENT, AND
CIGARETTE VENDING MACHINE INDUSTRY

I. INTRODUCTION

Alarming examples of criminal domination of legitimate business achieved by using corrupt unions keynoted the committee's extensive hearings on the nationwide conduct of the coin-operated music, amusement, and cigarette vending machine business.

DESCRIPTION OF INDUSTRY

Coin-operated machines represent automation in the retailing of services and goods. Among these are music machines (jukeboxes), amusement and game machines (such as pinballs, etc.), cigarette machines, and in an ever-increasing scale, the vending of beverages, foods, confections, etc.

In spite of the coin machines' diversity of appearance, product, and service, they are grouped generally into four categories.

1. *Gambling devices*

Included here are the familiar "one-armed bandit" or slot machine; its successor pinballs, diggers, crane and claw machines, capsule horoscopes, and similar vendors. Each operates only in conjunction with an element of chance.

Although gambling machines are banned in almost every State, as well as from interstate shipment by Public Law 96, the committee learned that some types of these machines were produced primarily in the Chicago area and shipped in quantity throughout the Nation.

The most widely distributed device was the "payoff" pinball. Although manufactured with a label proclaiming it to be "For Amusement Only," by testimony and demonstrated use, it was established

that this device parts a player from his money faster and more effectively than did the "one-armed bandit." The immense gain realized by the owners of this device made its operation irresistible to racketeers.

2. *Amusement machines*

These consist mainly of movie machines, shuffleboards, bowlers, modified pool tables, and similar games placed in neighborhood taverns or in the familiar "penny arcades."

3. *Jukeboxes*

More than 500,000 coin-activated phonographs were operated in the United States. During each of the past several years, the cash flowing through them exceeded \$300 million. Every area of committee inquiry showed collusive ventures by racketeers in operator associations and union locals, to repress competition for that revenue.

4. *Automatic vendors*

This is the fastest growing industry component. These vendors include machines selling cigarettes, soft drinks, coffee and other beverages, food items, confectionery, and services such as washing machines, shoe-shining devices, etc. In 1957, coin-operating merchandisers sold products having a retail value of more than \$2 billion. The variety of articles offered through these machines has been expanded by continuous and ingenious engineering and promises an unlimited increase in future volume. The vending field of this industry has thus far been invaded to only a limited extent by racketeers and this mainly in the field of cigarette machine vending. The major part of the vending machine industry is controlled by reputable businessmen who have thus far in the main been successful in resisting the inroads of racketeers.

These common characteristics of all coin-operated machines appeared to be aiding the spread of underworld control of this entire industry from their bases in gambling machine business and, to some extent, their control of the jukebox industry.

INDUSTRY MEMBERSHIP

The cooperation of four separate groups is required before a consumer can command a service or product by inserting a coin into a machine:

1. *Manufacturers*

Large corporations with substantial fabricating facilities, producing the finished, ready-to-function machine.

2. *Distributors*

Locally owned "dealerships," franchised by a manufacturer as its exclusive sales agency in a particular territory. They are more akin to wholesalers than retailers, for distributors will not sell coin-operated machines to any person willing and able to purchase one, but will sell only to "operators." In the vending industry the distribution differs in some respects from the music and game machine business in that cigarette and other vending machines are sold to operators through salaried factory salesmen.

3. Operators

Owners of from five to several thousand coin-operated machines, located in public places within a limited geographic area, so that they can be serviced economically. A string of machines so placed is termed a "route." The operator retains title to his machines and the responsibility of their operation. For permission to place his machines where the public will use them, he pays a percentage of his earnings, or "take," as a commission to the "location owner."

4. Location owner

Holds the right of possession of the space ("location") in which the operator places a machine. Location owners seldom own their own machines, for it has long been an industry policy and practice not to sell machines to them. Thus, the location owner is compelled to rent a machine from a "bona fide operator." Customarily, a businessman must have at least five machines and rent them commercially to qualify as a "bona fide operator."

METHODS OF OPERATION

Committee inquiry in Cleveland, Chicago, Denver, Detroit, Los Angeles, Miami, New Orleans, New York, Portland (Oreg.), Seattle, and Youngstown disclosed that operators were organized into local associations purporting to be "nonprofit" trade groups dedicated to "uplifting the ethics" of its members. Actually, these associations functioned to restrain trade by allocating territories and customers, by fixing prices to the consumer, and by setting commission rates paid to location owners. The associations also boycotted the sale of new machines by manufacturers, in order to keep their old machines in operation, thus maximizing profits. Profits available to the operators were enhanced greatly by such collusion among themselves seeking to:

(1) Preclude locations from owning their own machines and to force them to rent the machines from the operators;

(2) "Stabilize" the industry, by agreement among themselves to "respect" the locations on which their coconspirators have machines. (When a location owner is induced by an operator to substitute the latter's machine for one already on the premises, the intruding operator is accused of "jumping" or "bumping" the location);

(3) Fix the prices which the public will pay for using the machines; and set the commission the operator will pay to the location owner;

(4) Keep nonmembers of the operators' group from competing with them;

(5) Keep the manufacturers from forcing the operators to buy quotas of new machines each year. This threat arises from the use of distributor-subsidized "whip" companies that put new machines on location to create a demand for such new equipment.

The operators customarily effected these restraints by forming associations with bylaws (variously called "codes of ethics," "courtesy rules," etc.), binding each other to these objectives. The agreements were enforced by the threat of other association members to gang up on the business of a dissident. In the 1930's and the early 1940's these

objectives were attained in some areas by terrorism, coercion, and other forms of criminal activity engaged in by mobsters with direct interests in locations, or by hoodlums hired by otherwise noncriminal operators to force nonmembers (such as location owners, distributors, and new entrants into the field) into not competing with the associations. In more recent years, the techniques for domination became more sophisticated and the weapon demonstrated to be the most successful was the subservient trade union local.

Today, a mere telephone call from an association member to the proper union leader stops all deliveries to a location. This effectively keeps location owners from buying their own machines, from accepting a machine from other than the operator to whom the territory had been allocated; or from complaining about his commission. Because the Teamsters Union controls deliveries to most locations, it has become the preferred affiliation for such racket locals.

1. Use of union labels

A tool used in maintaining control at the operating level has been a union label prominently displayed on the machine. Ostensibly, this allows union-minded people to support unionized workmen by patronizing only machines having a union label. Actually, the label had several purposes:

(a) By restricting their issuance to operators in collusion with the union, an easy visual check was possible to determine if non-approved machines were on location; and/or for which tribute was not being paid to the union;

(b) By relating the stoppage of a location's deliveries to the absence of a union label, a sham legality was given such coercion;

(c) By requiring operators to pay for labels (contrary to the practice of honest unions), corrupt union officials extort tribute from operators neatly proportioned to that individual's ability to pay; and

(d) By withholding labels, the union could drive an operator out of business.

Thus, the person controlling the issuance of the labels controlled the coin-machine business in his area.

The history of every coin-machine union local investigated by this committee disclosed its formation, sustention, and direction by and for employers. In Detroit, for example, the committee discovered that during a period of 20 years, 10 different unions asserted jurisdiction in this field. Every one had been formed, subsidized, and maintained by and operated for employers. Their obvious purpose had no relation to legitimate labor objectives, and the committee could find no evidence that any one of these locals protected or improved the wages, working conditions, or standards of the industry's employees.

II. CRIMINAL INFILTRATION OF THE INDUSTRY

A parade of witnesses from cities in California, Colorado, Florida, Illinois, Indiana, Louisiana, Michigan, Missouri, New York, Ohio, Oregon, Pennsylvania, and Rhode Island disclosed that the honest, legitimate people who are in the great majority in the industry have been widely victimized by racketeers and thugs.

An astounding proportion of known criminals was found with controlling roles in either—and sometimes both—union or employer groups.

The gambling and jukebox segments reflected the deepest criminal permeation. However, underworld tentacles were evident in game and vending machine operations. In Chicago, for example, ex-Capone lieutenant Eddie Vogel was shaking down game machine operators. The notorious Longy Zwillman, a suicide just prior to his projected appearance before this committee, controlled New Jersey's largest cigarette machine route, and an affiliated, equally large operation of coin-operated washing machines. His close associate was Gerardo Catena, who was also in the game machine business. Notorious hoodlums such as John Vitale in St. Louis, Ray Patriarca in Providence, Joe Salardino in Denver, and Frank Zito in Springfield, were but a few of the criminals with extensive and growing interests in this industry. It appears no small coincidence that of the 68 criminals attending the notorious conclave at Apalachin, N.Y., in November 1957, more than a dozen, including Zito and Catena, were connected with the coin-machine industry.

Underworld domination of the gambling segments of the industry has been long known to Government agencies. Mr. Joseph A. Kearney, of the Tax Rulings Division, Internal Revenue Service, was asked:

Mr. KENNEDY. Now, * * * a memorandum * * * dated January 23, 1959, from the Acting Assistant Commissioner, Operations, * * * "Classification for excise tax purposes of pinball machines having certain gambling features," says:

"The Department does not believe that the use of criminal sanctions will do much to encourage voluntary compliance in this area, because of the usual character of the taxpayers involved."

What did he mean by that?

Mr. KEARNEY. Well, it is not the best element.

Mr. KENNEDY. You mean the people who are running these and distributing these machines?

Mr. KEARNEY. That is true * * *.

* * * * *

Mr. KENNEDY. Do you find from your investigation and examination in dealing with this subject that there are an unusually large number of underworld figures dealing with these kinds of machines?

Mr. KEARNEY. Well, * * * since 1952, I have been limited purely to tax rulings. * * * every case * * * it was a substantial element of the underworld in this business prior to that time.

Mr. KENNEDY. * * * do you have any information that that situation has changed * * *?

Mr. KEARNEY. From the reports I have heard from the Intelligence Department, it is still true (p. 16566).

Detective Captain Richard Hackmeyer, St. Louis Police Department, explained that John Vitale, notorious hoodlum operator of jukeboxes, pinballs, and cigarette vendors, had started the cigarette vending company to use as a lever for putting pinballs and other types of

gambling into taverns where he placed cigarette machines. Hackmeyer found also that Frank "Buster" Wortman, a leader of the St. Louis underworld, had controlling interest in the Plaza Amusement Co. Hackmeyer was asked:

Mr. KENNEDY. So you have the two top gangsters in the St. Louis area * * * in the coin-operated machine business. What would be the reason in your estimation as a law enforcement official * * *?

Captain HACKMEYER. * * * profits are terrific, not only legitimately but with the opportunity to control these tavern locations, * * * and should gambling have been permitted they would have reaped a tremendous profit. Even without the gambling, due to their method of operation, it is very simple for them to make more than appears on the records. There is a lot of top or soft money involved in this pinball operation.

Mr. KENNEDY. Do you find, also, because * * * they have cash available * * * they can make these loans to these location owners and that * * * the location owners are very subject to pressure?

Captain HACKMEYER. That is right, sir. They seem to have unlimited capital.

Mr. KENNEDY. It would not be necessary, really, to use violence to a location owner in the St. Louis area, if you told him that either John Vitale or Buster Wortman were behind the operation.

Captain HACKMEYER. The reputation, sir, carries great weight, and is hardly necessary to even indicate any muscle.

* * * * *

Mr. KENNEDY. And they have the reputations, both of of them, of being killers, and have the reputations of being the head of the underworld in that area?

Captain HACKMEYER. That is right.

Mr. KENNEDY. So when you would go to a location area and say "Buster Wortman would like to have you move this machine in," there ordinarily wouldn't be a great deal of hesitation about it; is that right?

Captain HACKMEYER. That is right, sir. They would more or less appear, and their salesmen are known. Of course, they did have the money. To give you an idea of the reputation founded or unfounded, one location owner, when I asked him why he didn't change since he complained about the reputation of these people in there, and he felt he was being shorted on his cut from the cigarette machine, he said, "You fight the Mafia, not me" (p. 16580).

On July 1, 1958, a committee hearing on the activities of the criminal syndicates produced another significant reason for the untoward number of criminals in the coin-machine business. Agent Martin F. Pera, U.S. Bureau of Narcotics, was asked:

Senator CURTIS. * * * Now, do groups like the Mafia go into union business because it is revenue producing, too?

Mr. PERA. Yes. Their primary consideration is the revenue-producing thing.

Senator CURTIS. The revenue from the workers, as well as the opportunity for illicit things, such as extortion?

Mr. PERA. As well as the opportunity to control programs and entire industry (p. 12257).

Another and shocking reason for increasing industry control by the underworld was the willingness of ostensibly reputable business concerns to use criminals to increase sales.

Milton J. Hammergren, vice president and general sales manager from 1939 to 1947 for the Rudolph Wurlitzer Co., a major jukebox producer, testified:

Mr. HAMMERGREN. * * * It was my duty to sell jukeboxes * * * in particular areas we had a lull in sales * * * in particular cities we weren't doing so good.

Mr. KENNEDY. * * * how you were able to achieve distribution where you had difficulty in the past? * * *

Mr. HAMMERGREN. Well, let's take Chicago. I had a very intimate friend name Goldberg. * * * Al Goldberg was a very aggressive and well-connected, so to speak, individual * * * I used him * * * as a sort of spearhead wherever I had trouble.

Mr. KENNEDY. What do you mean "well-connected" * * *? He had connections then, with the underworld element in the United States?

Mr. HAMMERGREN. Yes, I would say so (pp. 16531, 16532).

Hammergren described his first sale of some 550 jukeboxes to Dennis "The Duke" Cooney and Jake "Greasy Thumb" Guzik, principals in the Century Music Co.

Mr. KENNEDY. What was Mr. Dennis Cooney's background?

Mr. HAMMERGREN. * * * He is quite a notorious character around Chicago, from what I have been able to determine. I personally don't know, but he was connected with the red light district, slot machines, and things of that nature (p. 16534).

(Both Cooney and Guzik were members of the Capone mob. Guzik has been termed the financial genius of Capone's operation and long after Capone left the scene, Guzik continued as an underworld power. At the time of his death in 1956, he was a gambling partner of record with Chicago syndicate leader Tony Accardo.)

Mr. KENNEDY. Did you * * * make these same kind of connections in other cities in the country?

Mr. HAMMERGREN. Well, New York * * * we weren't too successful * * * we proceeded to * * * reorganize and set up a more aggressive distributorship.

* * * * *

Mr. HAMMERGREN. * * * we put in Eddie Smith, Meyer Lansky, Bill Bye, and I had a piece of it myself. * * *

* * * * *

Mr. HAMMERGREN. * * * We were much more successful after we got reorganized. We had unlimited capital and we were able to get more boxes out in New York than we ever did before.

Mr. KENNEDY. Did he then expand—Meyer Lansky?

Mr. HAMMERGREN. Yes; he was in Philadelphia for a while.

Mr. KENNEDY. Had you been having trouble up in Philadelphia up to that time?

Mr. HAMMERGREN. Yes.

Mr. KENNEDY. Was he successful when he was associated there?

Mr. HAMMERGREN. That is correct (pp. 15535, 15536).

Hammergren testified he made arrangements in St. Louis for "Buster" Wortman to permit the distribution of Wurlitzer jukeboxes; in St. Paul and Minneapolis he arranged for hoodlums Morris Roisner and Sam Taran to effect distribution; and, subsequently, in Florida, when Taran moved to Miami (pp. 16539, 16540). In Michigan, Hammergren increased sales by making Angelo Meli a distributor.

Mr. KENNEDY. At one time he was Public Enemy No. 1 in Detroit.

Mr. HAMMERGREN. Yes, I say personally—I knew about it. * * * (p. 16542).

Hammergren admitted he and his company's officials knew that the criminals to whom they had given distributorships were not able to sell their jukeboxes without using force.

Mr. KENNEDY. And you say on occasions where it was necessary, muscle was used; is that right?

Mr. HAMMERGREN. * * * Yes, you have to use some force; as I related Cleveland was certainly force. St. Louis was force, I would say.

Mr. KENNEDY. Were company officials upset about the use of force?

Mr. HAMMERGREN. Company officials, of which I was one; yes, we didn't like it but we still had to sell jukeboxes. We all knew about it, and we knew what the problems were. We tried to go along with it the best we could.

Mr. KENNEDY. Even if it became necessary that somebody was killed during the course of it?

Mr. HAMMERGREN. Well, that's pretty broad, Mr. Kennedy. I don't think we would condone that knowingly. No.

Mr. KENNEDY. I mean, if somebody, just in the course of trying to get your boxes distributed, if somebody was killed, that was taken as part of the trade?

Mr. HAMMERGREN. That is one of the liabilities of the business.

Mr. KENNEDY. And the people that you found, as a general rule—the only people who could get this distribution achieved were these people with the underworld connections, as a practical matter?

Mr. HAMMERGREN. Yes, that is true. * * *

Mr. KENNEDY. * * * Why would the underworld figures be so much more successful in getting boxes distributed than an ordinary citizen?

Mr. HAMMERGREN. Well, not being one I will just have to guess. They have connections; they were able to do things that the ordinary individual wasn't able to do in a big metropolitan area. They had unions and associations at their disposal (pp. 16546, 16547).

Findings of various Government investigations during the past 7 years were related by a participant in them, committee Assistant Counsel Arthur G. Kaplan.

Mr. KENNEDY. How many different cities have you gone to, to make a study of this industry?

Mr. KAPLAN. * * * at least a dozen and a half, possibly more.

Mr. KENNEDY. Now, could you tell the committee whether we have found an unusually large number of underworld figures in this industry?

Mr. KAPLAN. Yes, sir. One of the very significant characteristics of the entire industry is the permeation of racket figures in it. No matter where you go, you are almost certain to find that leading operators in various areas are hoodlums, and they are people with racket connections and they are people with police records.

This is not true about the majority of the operators in each area, but it would be true in many, many places about the leading people in the area, or the people having the so-called cream of the business (p. 16513).

* * * * *

Mr. KAPLAN. * * * In many of the metropolitan areas, reputable businessmen who have been in the industry for many many years are just throwing up their hands and getting out, because they cannot do business on the terms they have to compete with people who have hoodlum connections (p. 16514).

Mr. KENNEDY. Is it also correct that probably the top hoodlums and racketeers or members of the underworld in the United States over the past 20 years have been in the coin-operated machine business?

Mr. KAPLAN. I think we could establish almost every major racketeer.

Mr. KENNEDY. Tony Accardo, and Frank Costello, and Longy Zwillman in New Jersey, and Jack Dragna?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Eddie Vogel, and Marcello from New Orleans, and Meyer Lansky, as examples?

Mr. KAPLAN. Yes, sir (p. 16528).

Kaplan explained why he found the industry attracted the underworld:

Mr. KAPLAN. * * * First, it provides an excellent opportunity to convert illicitly earned money to a reportable cap-

ital gain. For example, a man who has made money in narcotics * * * goes into * * * coin-machine operations * * * can * * * induce that tavern to take his machine by giving him an under-the-table payment, and he will say, "Here is a \$500 bonus; I won't report it, and don't you report it."

* * * The lucrative nature of the business itself attracts these people. Additionally, it provides a very excellent cover for gambling and other types of activity.

For example, you use the same kind of service facilities to maintain various types of gambling equipment that you use to maintain perfectly legitimate jukebox or a perfectly legitimate cigarette vendor, and you use the same truck, and the same mechanics, and the same shop facilities.

In effect, many of them use the same invoices, so that when these things are shipped and the shipment is illegal, they cover this by purporting it to be a shipment of a jukebox in a crate or cigarette machine in a crate or automatic vendor in a crate.

Mr. KENNEDY. And then another way that these things can be used is where you have poor locations, and if a person in the underworld wanted to explain certain amounts of cash that might come from illicit operations, he can say that this cash came from a number of poor locations, where in fact it did not?

Mr. KAPLAN. That is exactly true, and he can put out poor machines and poor locations and have no money coming in, but he is in a cash business, and who is to say?

Mr. Kennedy emphasized the failure of law-enforcement agencies to eliminate the underworld from this industry.

Mr. KENNEDY. This is an industry that has been examined both locally and nationally over a period of the past 10 or 12 years at least, and yet nothing, really, has been done about it?

Mr. KAPLAN. No; that is exactly true. There is always a continuous flood of complaints by people who newly get into the industry and who don't know what the score is, or people who are getting fed up, finally. * * * They will complain to the local attorney, * * * to the police, * * * to the Federal authorities.

For some reason, during the past 10 or 12 years, during which time there has been some very extensive investigation of this industry, at all levels, local, State, and Federal, nothing substantial has ever been done to clear it up. As a matter of fact, the hoodlum infiltration and their continued concentration, using these techniques, has grown (p. 16529).

Attorney Rufus King, consultant to the American Bar Association Commission on Organized Crime, draftsman for the model anti-gambling law adopted in 1953 by the National Commissioners on Uniform State Laws, and chairman of the American Bar Association Section on Criminal Law, explained:

A bright new field of opportunity opened for the gambling machine industry when the first pinball games came on the scene early in the thirties (p. 16552).

He pointed out that the most widespread pinball machines are the "payoff" type, and:

MR. KING. * * * they are illegal in 47 of our 48 States, with Nevada being the 48th, and with the exception also, of two counties here in Maryland. So that this industry, except where it operates in Nevada and in these two counties of one State, is operating entirely in contravention of local laws.

MR. KENNEDY. But, just interjecting there, we have found, or you know that these kinds of machines, despite the law, are used very extensively in certain sections of the United States.

MR. KING. Yes, indeed. * * * (p. 16553).

Mr. King shed further light on why hoodlums had been attracted into the coin-machine business, and particularly the "amusement" segment of it. Referring to a pinball machine in the hearing room, he declared: "One of these modern gambling machines in a good location will gross up to \$400 or \$500 per week."

* * * * *

MR. KING. Assuming 100,000 of these machines are operating and assuming that they gross twice what an amusement game does, and I think that that is a moderate assumption, the income produced per year by this bingo-type of gambling machine would be \$260 million (p. 16556).

Testimony about coin-machine operations in Gary, Ind., and New Orleans, La., established that industry participation gave to criminals the opportunity to obtain licenses for short-wave radio stations allegedly to dispatch vehicles servicing coin machines, but actually to disseminate racetrack results in furtherance of illegal bookmaking activities.

III. NEW YORK AREA

Although certain labor unions played a prominent part in the coin machine industry in the New York City area, the committee found that, in this field of business, bona fide trade unionism was practically nonexistent. Skeletal structures of unions were set up overnight for the sole purpose of providing the "muscle" whereby coin machine operators could expand their business. Not only local unions, but also international labor organizations were created on paper to give racketeering a semblance of respectability. The unions became creations of the coin-machine operators themselves, who banded together in associations and used the union-association contract and picket line as weapons to place their machines in coveted locations.

The committee's investigation in New York revealed that the coin machine industry in that area was largely dominated by the associations of the machine operators. In the field of the music machines, or jukeboxes, the predominant association was the Music Operators of New York, Inc., commonly referred to as MONY. Parallel to the operations of MONY were the activities of a similar association of the game or amusement machine operators. This was the Associated Amusement Machine Operators of New York (AAMONY).

The information developed by the committee was basically resolved into two parts. The first part had to do with the operation of the

MONY and its contract with Local 1690 of the Retail Clerks International Association and its predecessor, Local 786 of the International Brotherhood of Electrical Workers.

The second part of the hearings involved several separate unions which attempted by every possible means to wrest control of the jukebox industry. These unions, dominated by racketeers, started in the amusement and game machine segment of the industry, and from there attempted to take over in the field of music machines and jukeboxes.

MUSIC OPERATORS OF NEW YORK (MONY)

Mr. Albert S. Denver, operator of a jukebox and cigarette route and president of the MONY, provided the committee with important statistics showing the size of the industry in New York City and the importance of his association.

The MONY is made up of 160 members, who are operators of music machines. The average operator will maintain between 30 and 40 machines, and there are approximately 8,000 machines on location by the combined membership. Although an operator with any number of machines can now be a member, it was the practice for many years to exclude from membership in the MONY small operators with less than five machines. Since there are about 11,000 machines in operation in New York City altogether, it follows that only 3,000 machines are owned by independent operators.

It was brought out that the average gross income per machine is \$20 per week, amounting to a total gross business for the industry in New York City alone of \$11,400,000 per year. Since a machine is normally written off and replaced every 4 years, at an average price of \$1,000, the sale of machines in the area would approximate some \$2,750,000 each year. In the MONY, 13 of the largest operators owned between them 3,468 machines, or 41 percent of the total (pp. 16746, 16747).

The chief function of the union in the jukebox industry was to provide pickets to prevent the locations of the association's members from being breached. A self-employed member of the association was required to belong to the union and pay dues, but was prohibited from having any voice in the affairs of the union. Since the coin machine operators, whether jukebox operators or game machine operators, utilized the union to retain their locations against competition, and even to acquire new locations, the structure and activities of these unions became the most important part of the hearings.

The first union with which the Association of Music Machine Operators had a contract was local 786 of the International Brotherhood of Electrical Workers, headed up by Frank Calland. When the international revoked the union's charter in 1950, Calland continued to operate the union as an independent.

It was in connection with local 786 that the committee first heard of the extreme measures resorted to by the hoodlum leaders in order to stamp out competition. James Caggiano, an organizer of local 254 of the Retail & Wholesale Department Store Employees (RWDS), had been operating in the game machine field and as his membership dropped off, he started moving into the jukebox field.

Frank Calland, resenting this intrusion into his field of operations, made an appointment with Caggiano to meet at the office of Al Denver,

president of the MONY, to discuss their differences. When Caggiano showed up, Calland had two goons beat him unmercifully, after which Caggiano was hospitalized. After that incident, Caggiano stayed out of the jukebox field, confining his activities to the game machines.

Local 1690 of the Retail Clerks International Association came into the jukebox picture in 1953 when Paul Lafayette, vice president of the RCIA, gave a charter to Frank Calland for local 1690, which union then supplanted local 786 in its contract with the MONY. Lafayette, it is noted, was later expelled from the Retail Clerks as a result of his unethical practices as a union leader. Some of Lafayette's activities have been brought to the fore in previous hearings by this committee. Although Calland died in 1953 and was succeeded by Barney Schlang, local 1690 has continued until the present to be the collective bargaining agent with the Music Operators Association.

Mr. Stephen C. Vladeck, regional counsel for the Retail Clerks International Association, told the committee that in 1957 local 1690 was placed under trusteeship and so remains until the present time. He described it thus:

The situation with regard to 1690 was quite different. Local 1690's officers immediately came in. They had presented us with their books and records, which were turned over to the district attorney of New York County, who has checked them and found no violations of law. We found that they had membership lists. We found that they had a collective bargaining agreement. And we found that they were willing to cooperate with us in the administration and correction of their affairs. We had many conversations with the officers of that local and the officers of the Music Operators Association of New York, with whom they had an agreement.

After considerable soul searching, quite frankly, it was determined that that charter would not be revoked, that we would continue that local under international supervision, with the clear-cut understanding that the local was to function as a labor organization; was to negotiate with regard to wages, hours, and other conditions; that the local would not in any way act as enforcer by reason of loss of locations or obtaining locations for members of the association, and that if this was the kind of union which the industry was willing to accept, this was the only kind of union which we were willing to permit to continue under our charter (p. 16735).

ASSOCIATED AMUSEMENT MACHINE OPERATORS OF NEW YORK (AAMONY)

While it was found that in the jukebox industry local 1690 and its predecessor union enjoyed a continuous working contract with the operators association, the same was not true in the field of game machines. Here "paper" or "letterhead" locals sprang up overnight to muscle their way into the game machine business. Often headed by criminals, ex-convicts, and racketeers, these unions made no pretense of operating for the welfare of the workingman. They took no part in collective bargaining, and legitimate trade union activities for the benefit of union members were nonexistent. Some of these unions

which, over the years, had contracts with the AAMONY engaged in raiding the locations of the jukebox operators.

LOCAL 254, RETAIL AND WHOLESALE DEPARTMENT STORE EMPLOYEES

The first of such unions whose activities were explained to the Senators was local 254 of the Retail & Wholesale Department Store Employees International Union (RWDS). Charles Lichtman, head of this union, told the committee he first entered into the labor field in 1938 with a charter for this union. In 1940, he went into the coin machine business, and called the local union the United Coin Machine Operators Union. A contract was entered into with the heads of the AAMONY. The operations in local 254 with the AAMONY were interrupted during the war, when these amusement machines were outlawed (p. 16627).

In 1948, relations between local 254 and the AAMONY were reinstated, and a new contract entered into. According to Lichtman, he found out that the real purpose of the collective bargaining agreement was to protect the locations of the various operators who were members of the association. This was accomplished by the union furnishing pickets. Whenever a member of the association would have one of his locations jumped or breached by a competitor who was not an association member, he would call the union, who would then send out a picket. The picketing was never done at the place of business of the competing operator who jumped the location, but the picket would patrol the location itself, be it a bar, tavern, restaurant, or other establishment. The location owner had no controversy with either side, and was more or less "caught in the middle." The purpose of this, of course, was to force the location owner to go back to using the old machine belonging to the association member.

Pickets were hired at \$1 an hour, and the union paid for this out of the "sticker money." It is noted that for every machine an operator had out on location, he paid 50 cents a month for a union label or "sticker" to place on the machine. This was in addition to the \$2.50 a month union dues for each employee. The checkoff system of dues payment was used, and many employees never knew they were in the union, their dues being paid by their employers. According to Lichtman, the union lost its association membership, because it refused to require all its union members to join the association of operators. He testified that, in a meeting held with Theodore Blatt and Joe Hirsch, counsel and president of the association, respectively, these men informed him they had instructed the association members to pay no more money into local 254, and suggested that Lichtman sell the union contract with the association to another union. When union receipts dwindled to nothing, Lichtman followed their advice and sold the contract to local 222, the International Jewelry Workers Union, run by Irving Horowitz, for the sum of \$2,000. This was done on January 11, 1952.

While Lichtman was operating local 254, he hired as an organizer James Caggiano. Caggiano had been born and raised on the lower East Side of Manhattan, where he became acquainted with such notorious underworld characters as Lucky Luciano, Joe Adonis, "Longy" Zwillman, Frank Costello, Dutch Schultz, and Meyer Lansky. During

prohibition, Caggiano was a bootlegger, working under Lucky Luciano. Later he became a chauffeur for Meyer Lansky, one of the country's top gangsters.

LOCAL 465, INTERNATIONAL UNION OF ELECTRICAL, RADIO, AND MACHINE WORKERS

It was while working for Lichtman in local 254 that Caggiano started raiding jukebox locations from Frank Calland's local 1690, which resulted in Calland's arranging to have Caggiano "worked over" by a couple of strong-arm men. After this affair, Caggiano left local 254 and started his own union, local 465 of the International Union of Electrical, Radio, and Machine Workers. Caggiano admittedly started this union with \$1,000 which he borrowed from Dominic Ambrose, at that time one of New York's largest coin machine operators (p. 16707).

The union contract with the members of the AAMONY was passed around like a stock certificate as local 222, after buying the contract from local 254, in turn sold it to Caggiano of local 465 for \$2,000. Of particular note is the fact that the contract between the AAMONY and local 465 provides that any member of the union who is not also a member of the association must make a \$2,500 payment in the form of a bond to the union. This insured that all operators who were union members would also join the association.

In April 1953, the IUE revoked the charter of local 465, expelling it from the international. When questioned by the committee, Caggiano said the international gave no reason for this drastic action by the executive board. Secretary-Treasurer Al Hartnett of the IUE, however, in a letter to the committee, had this to say:

It became almost immediately apparent that this local was not following along the lines which met IUE standards. Upon additional investigation, it became abundantly clear that this was a completely dishonest operation, for which there was not room, and there is no room in IUE. Consequently, they were summarily expelled at our next executive board meeting (p. 16711).

As a result of this action, Caggiano's union, local 465, became an independent union and retained its membership.

The committee learned that the so-called unions in this industry were a far cry from legitimate trade unionism as it normally exists in this country. Abraham Gilbert, a New York taxi driver, gave an insight into some of the operations of local 465.

Gilbert had formerly operated a repair shop for coin machines, and in 1952 was doing some renovating in the headquarters of local 465. At that time, Caggiano, president of the union, offered Gilbert the job of office manager. Gilbert took the job, and later became vice president and financial secretary of the union. He kept the books and checked the dues. Gilbert told how the union operated for the sole benefit of the operators. If an operator's location was breached by a nonassociation operator, the union was immediately notified. The union, in turn, sent a man out to picket the location, until the location owner put the old machine back with the union label on it. An elderly

man was always used as a picket, which alleviated the chances of any violence. In instances where the union ran short of funds, the operators would advance money on future labels.

Local 465 began to have troubles, however, as the locations of its members began to be raided by local 433 of the Retail Clerks International Association, under the leadership of one Al Cohen. For the background on local 433, the committee questioned Charles Guerci, a former speakeasy operator, but more recently a restaurant proprietor in Flushing, N.Y.

LOCAL 433, RETAIL CLERKS INTERNATIONAL ASSOCIATION

Paul Lafayette, regional director of the Retail Clerks International Association, told Guerci to get a union going and then Lafayette would thereafter arrange for Guerci to get a charter with the RCIA. Although Guerci had had no previous experience in labor unions, he sold his restaurant and started in the "union business." That he was not alone in his efforts, however, was clearly shown by the fact that there was a group of operators in Suffolk and Nassau Counties, Long Island, who "placed" some of their employees in Guerci's union. These included Sanford J. Moore, one of the largest operators in the area, who placed five or six of his employees into the organization. After about 2 years Guerci had about 50 members in the union, at which time Lafayette provided him with a charter.

Even with a charter from a bona fide international union, Guerci's organization bore no further semblance to a union local. By his own admissions, he alone collected dues and made all disbursements. At no time did he keep any books or records. When Chief Counsel Kennedy said, "You were the union," Guerci replied, "Yes, that is right" (p. 16785).

Shortly thereafter, local 433 and Caggiano's local 465 merged under the identity of local 433. When Sandy Moore, one of the biggest operators, suggested that Al Cohen could be of assistance, Guerci took Cohen into local 433. Thereafter, Cohen gradually assumed control of the union, and Guerci, being pushed into the background, finally left to return to the restaurant business.

Caggiano gave this description of the merger of the two unions and subsequent events: As local 433 started to raid the locations of local 465's members, local 465 retaliated in kind. The result was cross-picketing of each other's locations, and general havoc in the industry. Under pressure from the association's operators, the two unions merged as local 433, RCIA. Caggiano became president, and Cohen the secretary-treasurer and business agent.

The status of the situation soon changed, however, when Al Cohen resigned from local 433 and obtained a charter for a new union, local 531, affiliated with the United Industrial Union (UIU). Records introduced into the hearings reflected that Cohen continued to draw salary from local 433 after his departure from this union, receiving approximately \$4,200. It was about this time that the Retail Clerks International Association experienced great concern over its locals in the New York area who were getting involved with the operators' associations in the coin machine industry. It has been previously mentioned that they took action to place local 1690 in receivership.

Relative to local 433, Stephen C. Vladeck, regional counsel for the RICA, had this to say:

With regard to local 433, our international representatives went to the office of local 433, located on Northern Boulevard, in Flushing, found no one of authority in the office, found no books or records in the office. All there was was a petty cash box. They left a notice of the trusteeship, signed by President Sufridge; changed the locks; and sent by registered mail to the last address which we had a copy of the notice of trusteeship imposed by the international president.

We heard nothing from any of the so-called representatives of 433 for a period of several weeks.

We later discovered that two of them were operating out of a store front in the West Forties, under the heading of local 531, and also under the title of local 465. They were Alexander Cohen and James Caggiano.

We felt at that time, and still feel, that their lack of responsiveness to the international's imposition of trust, the absence of books and records; the fact that it took us weeks to uncover who and where their membership was, and some additional facts that I would like to go into in a moment, warranted the international's action in suspending them from office and revoking the charter of local 433 (p. 16735).

When Caggiano was testifying, he told the committee that after the RCIA revoked the charter of local 433, he, Caggiano, took the radiator repair servicemen who had belonged to 433 back into local 465, operating as an independent union. Subsequently, Caggiano applied for a charter with the Confederated Unions of America (CUA). As Chief Counsel Kennedy put it:

So this is the life of a game employee during 4 or 5 years. He went from 254 of the Retail, Wholesale, and Department Store Workers to 222 of the Jewelry Workers, to 465 of the IUE, United Electrical Workers, to 465 independent, to 433 of the Retail Clerks, and to 465 independent, and to 465 Confederated Unions of America (p. 16718).

LOCAL 531, UNITED INDUSTRIAL UNION

Al Cohen, in the meantime, took his new local, 531, and started raiding locations in the jukebox phase of the industry. Several witnesses provided information regarding Cohen's operations.

Benjamin Gottlieb told the committee he and his wife operated the Majestic Operating Co., consisting of approximately 125 jukeboxes and 260 cigarette machines. He is a member of the MONY, with employees retaining membership in local 1690, RCIA. The net worth of his machines and locations, together, approximately \$250,000. Gottlieb in November 1956 purchased a machine route from the High Tone Amusement Co., which was owned by Pat Esposito, Daniel Lombardozi, and Carmine Lombardozi. He paid \$43,000 for this route, of which some \$25,000 or \$30,000 was cash and the balance in notes or other equipment. Shortly thereafter, he lost one of his locations to a man by the name of Phil Corbisiero, also known as

"Miami Phil," who had prominent underworld connections. It is noted that when Corbisiero died in November 1957, his funeral in Brooklyn was attended by many of the leaders of the underworld. On losing the location to Corbisiero, Gottlieb stated he went to Al Denver, head of the association, who told him that "Miami Phil" had been taking other locations and the association had had difficulties with him. Denver was unable to be of assistance. Thereafter, Gottlieb contacted Lombardozzi to whom Gottlieb was still indebted and Lombardozzi took an interest in helping. Thereafter, Lombardozzi arranged a meeting for himself and Gottlieb with "Miami Phil." Lombardozzi conferred with Corbisiero at this meeting and thereafter instructed Gottlieb to go on home as there would be no more trouble. However, Gottlieb never got the location back. In the meantime, word got back to Gottlieb that Corbisiero's lieutenants were passing the word around to various tavern owners that they would have no difficulty if they did business with local 531.

Shortly thereafter, Gottlieb lost another location to Corbisiero—the Ball Field Tavern in Brooklyn. Again he went to see Carmine Lombardozzi who told him, "Don't worry, I will take care of it." Lombardozzi did get it "taken care of" as Gottlieb was allowed to keep his machine in the location. Hoping to ward off any further difficulties, Gottlieb wanted to meet Al Cohen of local 531 personally. On this occasion he also went to see Lombardozzi who arranged a meeting between Gottlieb and Cohen. The real "shakedown" nature of local 531 became more apparent as Gottlieb testified that Cohen offered to sell him local 531 stickers to put on his machines so that thereafter he would not be bothered. The stickers then were nothing but protection.

Lt. James S. Mooney of the New York City Police Department provided some important information indicating the big crime syndicate was the real power behind the whole coin machine business in New York. The same Carmine Lombardozzi mentioned above was one of the hoodlums present at the notorious meeting of the leaders of the underworld at Apalachin, N.Y., November 14, 1957. According to a confidential but reliable source available to the New York Police, Lombardozzi, at this meeting, was called to account for his jukebox activity. At first, Lombardozzi was scheduled to be killed but the council of higherups who considered his case finally decided to let him off with a \$10,000 fine.

Mortimer Pearl, Valley Stream, N.Y., stated he went from the automobile radiator repair business in 1955 into the union business at the instigation of Al Cohen. It appeared to the committee that Pearl was a legitimate businessman who ended up but a pawn of the hoodlums in coin machine unions. Pearl went to work originally for Cohen at local 433, but Cohen subsequently made him president of local 531. Pearl told how Cohen attempted to raid jukebox locations by promising operators that he could furnish more protection than could local 1690. Cohen's pitch was that unless operators would sign up with local 531, he would be able, through his connections, to prevent the delivery of beer and other supplies to various locations. This, of course, is generally sufficient pressure to force a tavern or restaurant owner to comply. Secretary-treasurer of local 531 at this time was Fred Giovanelli, who had an arrest record including burglary, assault and robbery, and assault and robbery with a gun.

Pearl described his duties with local 531. He would contact the location owner, who would be using the machine of a competitor, and instruct the location owner to pull the plug on the machine, and then get in touch with local 531. If the request was refused, a picket was placed outside the location. Pearl stated no organizing of employees to improve working conditions ever took place, that while he was with 531 he never saw a membership book or a collective bargaining agreement. He stated if anyone came to him and wanted to join the union, he would send them to Mr. Cohen. When informed that his name appeared as an applicant for the charter of local 531, Pearl appeared surprised, stating he had no knowledge that such was the case.

Harold Morris, a self-employed mechanic from East Meadow, Long Island, provided further information on how the so-called unions operate in the coin machine business. In 1947, he had worked for the Emby Co., owned and operated by gangster Meyer Lansky. This company distributed Wurlitzer machines, and union labels were placed on all machines, but, Morris testified, neither he nor any of his fellow employers were members of the union. In subsequent years, Morris was employed by other jukebox operators, who also used union labels on their jukeboxes, although Morris was never required to join the union. About 1953, Morris purchased some machines and went into business for himself as an operator. The man from whom he bought the business, Vito Pepi, had been in the union, so Morris continued thereafter to pay union dues in Pepi's name and received labels for his machines. Subsequently, he himself joined local 1690. When Morris had some of his locations breached by other operators, he sought recourse with the union and association. When advised by Al Denver of MONY that nothing could be done for him, he stopped paying dues to both the union and the association. Morris stated he was never solicited to join local 531, then being operated by Al Cohen. When the members of MONY and local 1690 sought an injunction against local 531, Morris stated that at the instigation of Al Cohen, he himself testified in court in behalf of local 531, stating falsely that he was a union member.

Subsequently, when a new union in the coin machine business started up, local 19, Morris was invited to a meeting, but declined to go because of the underworld figures who were connected with it.

James G. McCann, of the Bronx, N.Y., was a bar and grill operator who decided to buy his own game machines. McCann explained that he had a game machine in his place owned by an operator named Harry Schildkraut, although there was no written contract for this machine. When McCann decided to purchase his own machine he advised Schildkraut to take his game out of the establishment. Schildkraut warned McCann that if he attempted such a move he would be picketed by local 433. McCann therefore paid \$150 to Schildkraut who took his machine out and, as a result of the "payoff," promised that there would be no picketing.

A similar situation occurred relative to the jukebox machine. The machine in McCann's place was owned and operated by Joe Hannon of the Gordon Amusement Co., although McCann had no contract. McCann decided to buy his own jukebox and so notified Hannon who then warned McCann that such action would create difficulties for

McCann with local 1690. McCann therefore tried to join local 1690 himself, but Howard Henry, treasurer of the union, informed McCann that to join the union he must have a minimum of 20 machines. Henry suggested McCann "make a settlement" with Hannon. McCann, therefore, gave Hannon \$175 who then removed his machine allowing McCann to put his own machine in his own place of business and there was no union picketing.

Subsequently, McCann went into the coin machine business himself, and joined Al Cohen's local 531. He stated he was furnished with adequate union labels to put on his machines by local 531, but could never understand why the checks he wrote for his union dues were never cashed by Cohen.

It was previously mentioned that local 531 belonged to an international known as the United Industrial Union. One Joseph LaRocco was the international president of the United Industrial Union, and a letter was introduced in the hearings showing that on August 14, 1957, LaRocco designated Sylvia Goldberg as president and Al Cohen as secretary-treasurer of local 531 (p. 16802).

Sylvia Goldberg, a former model, who had also worked as a bookkeeper for local 433, invoked the fifth amendment on all questions regarding her employment or associations with either local 433 or 531.

In the committee's experience, it had had many union officials invoke the fifth amendment as to their union activities. It was Joseph LaRocco, however, who became the first president of a union international to refuse to answer questions on the operation of his organization. Clearly demonstrating the complete fraud of the entire union setup was the spectacle of LaRocco before the committee refusing to answer any and all questions about the United Industrial Union or any of its locals because the answers would incriminate him.

Why LaRocco invoked the fifth amendment became apparent to the committee, however, as Staff Member John Constandy outlined the history of this so-called international union. The registration forms which all unions are required to submit annually to the Department of Labor proved most revealing as to the United Industrial Union.

The forms for the years 1950, 1951, 1952, 1953, 1954, and 1955 showed that the union had no receipts or disbursements whatsoever, and no assets or liabilities of any kind. The 1955 report form contained a notation that the union was inactive, which, of course, was also evident by the lack of any receipts, assets, or liabilities.

It became obvious that this empty international was reactivated only to give a paper facade to local 531. The Department of Labor report for 1956 showed an income of \$75. This report covered a fiscal period of September 24, 1955, to August 31, 1956, when all previous fiscal years terminated each July 31. The charter for the Electrical Equipment & Fabrication Employees Union Local 531 shows it was issued September 20, 1956. Correspondence between Cohen and LaRocco and the union minutes give rise to speculation as to just when local 531 did come into existence. A letter from Cohen to the UIU dated September 10, 1956, requested a charter and indicated a meeting would be held to discuss the matter on September 20, 1956. Under date of September 12, LaRocco agreed to the September 20 meeting. The minutes, however, show the meeting was held Septem-

ber 5, 1956, and that the charter would be issued September 10, 1956. The inconsistencies only pointed up the fact that the whole arrangement was strictly "phony."

This feeling was enhanced as Constandy related to the committee further information from the Department of Labor forms. The report for fiscal year July 1, 1956-June 30, 1957, showed dues receipts of \$1,386 with initiation fees of \$97, indicating 97 new members during the period. The 1958 report shows dues income at \$3,090.65 and fees from initiations at \$235. A total membership of 332 was then indicated (p. 16767).

Constandy told the committee that when Al Cohen testified in the injunction proceedings which were brought before the New York Supreme Court against local 531, Cohen stated that he did not have a bank account for the local, that he paid all expenses himself either in cash or by personal check, and that the local had no books or records. It was established that Cohen had paid some of the pickets with checks on his personal account.

That Cohen operated local 531 "out of his pocket" was shown by his own bank account. As Constandy explained it, Cohen's personal bank account was opened February 3, 1956, and closed out January 6, 1958. Of the \$27,000 which passed through the account, \$20,000 went through it between September and October 1957, which was the period local 531 was in existence.

Relative to the contracts of local 531, Constandy's further testimony follows:

Mr. CONSTANDY. Mr. Cohen had testified earlier again at the injunctive proceedings in New York that local 531 had entered into about 10 collective bargaining agreements, and of those 10 he produced for this committee 4, 1 for Lamotto, 1 for Crescent, and—

The CHAIRMAN. That is known as "Miami Phil"?

Mr. CONSTANDY. Yes, sir. And one for Mr. McCann, who was a witness today, and one from G. & M. Vending Co.

The contracts call for 6 holidays against 12 in the 1690 contract, and \$1.50 an hour wages for a 40-hour week, which is roughly \$25 a week below the other jukebox union. Mr. Corbisiero's contract, however, only called for \$1.25 an hour, which is \$35 less than the existing contract in the industry with 1690. Apparently there had been some advantage to Mr. Corbisiero in his contract. The contracts also provided for 2 percent of the gross pay, payable to the union welfare fund, and we have not been able to establish whether those collections were ever made or whether the fund had ever been established.

Mr. KENNEDY. We can't find any bank account on that?

Mr. CONSTANDY. No, we cannot.

Mr. Cohen had also testified that he had signed one Anthony Toracco, alias Teddy Brooks, as a member of local 531. Mr. Toracco operates the J. & P. Music Co., and he is a partner with Frank and Jimmy Piccarelli, alias Rush brothers, and of the three, Jimmy Piccarelli and Mr. Toracco are both flagrant narcotics violators.

Mr. Brooks told me that he received his 531 stickers without having paid for them and he received them in the mail. Now, I think the results of the picketing is also significant, in that of the 7 firms which apparently alined themselves with local 531, the following locations were acquired by them during the period that they were active: Mr. Corbisiero's Crescent Amusement Co. had taken 11 locations, and Mr. Moe Kutlowitz had taken 2, and Circle Amusement 7, and Cello, which is another firm operated by Mr. Kutolow, had taken 2, and the Lamotto had taken 2, and J. & P. Music, which is Toracco, 4, and the McCann firm 6, for a total of 34 locations that had been secured by these 8 firms that were contracting with local 531.

Mr. KENNEDY. And a number of those firms that you have read have these notorious gangster connections?

Mr. CONSTANDY. Well, there is some connection, yes (pp. 16804, 16805).

The operations of local 531 came to a dead end, however, when a permanent injunction requested by MONY and Local 1690, RCIA, was signed by Justice Coleman in New York. The remarks of Justice Coleman in granting the injunction are of particular significance. Judge Coleman stated as follows:

This is not a labor dispute as the defendants assert it is. On the contrary, it is a controversy that arises from the efforts of individuals acting under the guise of a fictitious union, but really in behalf of owners of jukebox machines. These efforts were intended to have owners of bars and grills where jukebox machines had been installed, remove them and replace them by jukebox machines owned by those in whose behalf the individuals were working. The so-called union had no mechanics or service people who would be prepared to take over the servicing of the machines; the methods to obtain "cooperation" of the owners of bars and grills by "pulling out the plug" of the machine already there was a startling unconventional manner of obtaining union contracts with the owner of the machines. If the defendants were interested in legitimate union activities and in obtaining collective bargaining agreements with the owners of the machines there was no call to disrupt service of the old machines and to demand the installation of others owned by different people. Union members, no matter to what union they belonged, could continue to service the machines already in place, no matter who owned them.

It is clear that the defendants do not constitute a bona fide union. Instead of having the interest of the employees at heart, they were obviously concerned with special interests, with organizing machine box owners. But in doing so they could not intimidate owners of bars and grills, or the association to which they belonged, or to attempt by primitive methods to disrupt relations between the owners of bars and grills, their association, and the legitimate union to which the servicemen belonged and with which the owners and their asso-

ciation had a collective bargaining agreement. There will be judgments for the plaintiffs against all defendants except Caggiano (pp. 16805, 16806).

LOCAL 19, FEDERATED SERVICE WORKERS UNION

The committee learned that no sooner had local 531 folded as a result of the court decision than a new phony union, also racket controlled, came into existence to take its place. This was local 19, belonging to an international called the Federated Service Workers Union (FSWU). Mr. Sol Javors, of Plain View, N.Y., an insurance broker, furnished the background of the Federated Service Workers Union.

In 1950, he and some associates formed a new international union primarily to get a union started in the laundry industry, a type of business with which Javors was familiar. John Amalfitano was one of the original organizers and, as time went on, took over the control of the international. As Javors explained it, union charters were prepared and issued on no other pretext than the suggestions of Amalfitano. No investigation or inquiry was made regarding groups for which charters were issued—if Amalfitano recommended it, the charter was issued. In other words, Amalfitano was the international. The character of the new international, under the leadership of Amalfitano, was indicated by one of the unions, Local 512, the Messengers Union. Javors stated that when their attention was called to the fact that local 512 was engaged in dishonest practices, the charter was revoked and subsequently several of the principles in the union were indicted and imprisoned. How this came about is explained in the words of the chief counsel:

That local is of some interest, Mr. Chairman, because it shows the activities of these people once again, and shows that they were not interested in the membership.

Samuel Zakman was one of those and Nicholas Leone was another one. Samuel Zakman we had here as a witness. He was a charter member with Johnny Dioguardi of local 102 in New York and turned over 102 to Johnny Dio. In 1954, he and Nicholas Leone gained control of this local. They were subsequently indicted and convicted of extortion and were sent to the penitentiary, to jail, Zakman for 2 to 4 years, and Leone for 1 to 2 years.

In that local they had working for them as organizers three men, Nathan Carmel, Aaron Kleinman, and—well, just these two. After this charter was lifted by this international, Carmel and Kleinman became business agents with a man by the name of Jack Berger, of Local 512.

Local 512 then went in to become Local 875 of the International Brotherhood of Teamsters. At that place, these three men were all indicted for extortion and ultimately convicted. But in the meantime they set up Local 275 of the Teamsters and Local 275 of the Teamsters was one of the paper locals.

Both Local 875 and Local 275 of the Teamsters were controlled by Tony "Ducks" Corallo, according to the testimony

that we had last year. So you can trace this back to Johnny Dioguardi, right up to the activities in the Teamsters Union in 1957 (p. 16808).

Charters were issued for locals that never existed in a wide variety of crafts, such as laundry workers, barbers, clerical workers, mechanics, and messengers. Javors stated the only local that operated with any success to his knowledge was Local 12 of the Laundry Workers. Meetings of the executive board of the international were held as needed in various restaurants around town, as the only office for the international was a small sublet space, equipped with a telephone which seldom rang. Out of loss of interest, Javors removed himself from the labor business, and went back into the insurance field. He agreed with the committee that it was highly improper that an international union could spring up without supervision or control and issue charters with reckless abandon.

Local 19 of the FSWU was created as a result of a letter dated October 16, 1957, requesting a charter. This new union started immediately raiding locations in both the jukebox and game industry field. It was Local 1690, RCIA, holding a contract with the MONY, which felt the biggest pinch as a result of the raiding tactics of local 19. The usual tactics of the gangster and racketeer were employed, with fear, violence, and extortion the principal means of organizing. No better example of this occurred than in the case of Sidney Saul.

Sidney Saul, of Brooklyn, N.Y., went into the game and jukebox business in March of 1956, at the suggestion of a relative, Sanford Warner, president of AAMONY. Because he had both game machines and music machines, Saul maintained memberships in both local 433 (Al Cohen's union) and Local 1690, RCIA.

One day in May 1957 Saul received a call from his serviceman that the glass in the jukebox at the Wagon Wheel Restaurant had been broken and the man who had broken it wanted to speak to Saul. Saul spoke to the unknown man on the telephone who demanded that Saul come down to the luncheonette or the man would smash up the machine and throw it out in the street. Saul drove down to the Wagon Wheel and met the man whom he later learned was Ernest Filocomo, alias Ernie Kippy, alias Kip. It is noted here that Filocomo is an ex-convict with a record of seven arrests and five convictions, including a 4-to-5-year term in Sing Sing Prison for assault.

What transpired between Saul and Kip is best described in Saul's testimony:

Mr. SAUL. He said he wanted to take me someplace and talk to somebody. I didn't want to leave my car at that location at that time and come back there, so I suggested that I follow him in my car. He said, "No, if you don't want to leave your car here, I will go in your car and tell you where to go."

So he got into my car and started directing me where we were headed for. During the trip he asked me how I got the location. At that time, I believe the location—I may have been operating a machine at that location about 2½ years.

The CHAIRMAN. You had had that location for 2½ years at the time this incident occurred?

Mr. SAUL. Yes.

The CHAIRMAN. And this man was asking you how did you get the location?

Mr. SAUL. Yes.

The CHAIRMAN. All right.

Mr. SAUL. I told him how I came to that location. He went on to say that the location belonged to him.

The CHAIRMAN. It belonged to him?

Mr. SAUL. Yes, sir.

The CHAIRMAN. That is, you had had it 2½ years and he had made no claim to it prior to that?

Mr. SAUL. That is right. Then his conversation went off the regular path, and he kept threatening me all the way down to where we were going.

The CHAIRMAN. Threatening you how?

Mr. SAUL. That he would kill me. And they would find my body lying off the Belt Parkway.

The CHAIRMAN. What did he want? What was he wanting?

Mr. SAUL. He didn't make sense in his conversation as to what he actually wanted. I was trying to read between the lines and pacify him.

Mr. KENNEDY. What is the Belt Parkway?

Mr. SAUL. Well, that is a parkway used for the purpose of automobile transportation along the shore end of Brooklyn, and very seldom used for pedestrian walk at all.

Mr. KENNEDY. He told you at that time they would find your body there?

Mr. SAUL. Yes; he did.

Mr. KENNEDY. Did he relate this a number of different times?

Mr. SAUL. Well, he repeated that about five or six times.

Mr. KENNEDY. That he was going to kill you?

Mr. SAUL. Yes (pp. 16821-16822.)

* * * * *

Mr. KENNEDY. Where did Mr. Filocomo direct you to drive?

Mr. SAUL. We finally ended up in a luncheonette on Church Avenue near McDonald Avenue in Brooklyn, called Jackie's.

Mr. KENNEDY. Jackie's?

Mr. SAUL. Yes.

Mr. KENNEDY. Do you know who owned Jackie's restaurant?

Mr. SAUL. No; I didn't know who owned it.

Mr. KENNEDY. Relate what happened.

Mr. SAUL. Well, we went into Jackie's restaurant and he introduced me to a man called Larry Gallo.

Mr. KENNEDY. G-a-l-l-o?

Mr. SAUL. Yes.

Mr. KENNEDY. Did you know who Larry Gallo was?

Mr. SAUL. No. I never met him before.

And Mr. Gallo invited me to sit down and have a cup of coffee with him. Filocomo sat down next to us. Mr. Gallo

asked me how I got that location. I told him the same story. He said that the location had belonged to him. I told him that I didn't know anything about it and that I had come about the location in an honest manner, that we had purchased the location from the owner of the luncheonette. We had a contract with him and there weren't any problems at all.

Then Mr. Gallo asked me how many machines I had. I told him I had eight machines.

The CHAIRMAN. You only had eight at that time?

Mr. SAUL. Yes. That is what I told Mr. Gallo.

Mr. CHAIRMAN. That is what you told him?

Mr. SAUL. That is what I told him.

Mr. Gallo suggested that he had the same amount of machines that I had, that we become partners, and that I would operate the route. I told Mr. Gallo that I had a very bad taste about the business, I didn't care for it, and was anxious to get out of it. I had been in it more or less to pay off some debts because of a previous business loss, and that I was trying to straighten myself out and get out of that business.

Mr. Gallo said that if I were to become partners with him that he would have nothing to do with it, that I would operate the business myself, and that he would get me locations.

Mr. KENNEDY. Did he say how he was going to get locations?

Mr. SAUL. No, sir.

Mr. KENNEDY. Did he indicate that there was going to be a lot of money in it for you?

Mr. SAUL. Well, he said I would be well off if I went with him.

Mr. KENNEDY. What was Kip doing during this period of time?

Mr. SAUL. During the conversation a few times Kip started threatening me again, and finally Mr. Gallo sent him out.

Mr. KENNEDY. Again, that he was going to kill you?

Mr. SAUL. Well, he said—he didn't actually say that he would kill me in the restaurant, but he said they would find my body off the Belt Parkway, which was practically the same thing. He kept saying that for everyone like him that was arrested, or that was found, there would be 100 more like him.

Mr. KENNEDY. Do you mean if you turned him in?

Mr. SAUL. If I turned him in, there would be 100 more like him that would take his place.

Mr. KENNEDY. That would get you if you turned his name over to anyone?

Mr. SAUL. Yes.

Mr. KENNEDY. Finally Gallo sent him away; is that right?

Mr. SAUL. Gallo sent him out, yes.

Mr. KENNEDY. What finally happened between you and Gallo? What did you finally decide to do?

Mr. SAUL. Well, I believe Mr. Gallo thought I was sincere about what I said, and he gave me his card and said that if

at any time I decided I wanted to go further into the business, he would be happy to go into further discussion about it.

Mr. KENNEDY. Did he introduce you to another man and say that he had set him up in business?

Mr. SAUL. Yes, he did.

Mr. KENNEDY. That was before you left the restaurant?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. He gave you a card, did he, before you left?

Mr. SAUL. Yes.

Mr. KENNEDY. What did the card say?

Mr. SAUL. Well, actually he marked his name on the back of the card and his telephone number.

Mr. KENNEDY. What did the front of the card say?

Mr. SAUL. I believe it had to do with some kind of a laundry workers union, or cafeteria workers.

Mr. KENNEDY. Local 26 of the Cafeteria Workers?

Mr. SAUL. Yes.

Mr. KENNEDY. Local 26, Cafeteria Workers Union, FSWU, Federated Service Workers Union?

Mr. SAUL. Yes, that was the card (pp. 16823, 16824).

Subsequently, in October 1957, Saul received another call to meet Kip at the Wagon Wheel. On this occasion Kip appeared friendly and asked Saul to sign up with Kip's union, local 19. At Kip's suggestion, Saul promised to go to the restaurant known as Jackie's Luncheonette and meet Gallo there and sign up the papers to join local 19. However, Saul made no effort to follow through on Kip's suggestion.

On the evening of December 19, 1957, Saul received a telephone call from an unidentified man telling him to come to the Wagon Wheel restaurant or his jukebox would be thrown out in the gutter. Before going to the restaurant, he called his telephone-answering service to request the operator to call the police in a half hour unless he called her first to assure her everything was all right.

At the Wagon Wheel, Saul was directed to a table at the back part of the restaurant where he met two men whom he had never seen before. From photographs exhibited to him in the hearing, Saul identified the two men as Charles Panarella, alias Len Conforti, and Anthony "Dutch" Tuzio.

Detective Joseph Corrigan of the New York Police Department introduced the criminal records of these two men. Panarella had been arrested eight times and convicted five times. Crimes for which he was convicted included assault; grand larceny with an auto; burglary, for which he received 5 to 10 years in Sing Sing; parole violation, twice; and disorderly conduct with dice. Tuzio had seven arrests and was convicted three times. Two of his convictions were for burglary and the third was for murder. In 1934 he was sentenced to from 20 years to life, plus 5 to 10 additional years for being armed. In 1957 his original sentence was vacated and changed to manslaughter in the first degree for which he received 15 to 22 years. He was released in 1957 but a short time before the incident being described by Saul took place.

Saul said that Panarella started asking him questions about how many jukeboxes he had, and how he got the location at the Wagon

Wheel. Parts of the conversation had nothing to do with jukeboxes so after about 25 minutes Saul went to the telephone, called his service operator and told her, since there was apparently nothing wrong, she should forget his previous instructions. Shortly after returning to the table, Panarella, without provocation, slapped Saul hard across the face and, at about the same time, made the same type of an offer Gallo had made. This was that Panarella would put up an equal amount of equipment and he and Saul would become partners, with Saul handling the operations. Saul told Panarella, as he had told Gallo, that he had a distaste for the business and intended to withdraw from the business completely in the next 2 or 3 months.

When Panarella asked how many machines Saul had, Saul told him three. Panarella said, "I thought you had eight," a figure which he must have obtained from either Gallo or Kip. Then Panarella said the Wagon Wheel location belonged to him and he wanted to be a partner in it.

The committee sat in rapt attention as Saul related the subsequent events at the Wagon Wheel restaurant—a narrative that left no doubt that the so-called labor unions in the coin machine business were only the thin veneer for the worst criminals in the underworld. Saul's further testimony is set forth verbatim:

Mr. SAUL. No. He didn't put the jukebox on.

Then they started asking me for \$500. I don't know why they wanted \$500, but that is what they wanted, \$500. I told them I didn't have that kind of money to give them, and they kept questioning me as to what I was going to do for them on the jukebox; that they wanted to be a partner in this particular location.

With that, this Filocomo walked into the store.

Mr. KENNEDY. This is Kippy?

Mr. SAUL. Kippy.

The CHAIRMAN. That made the third one present?

Mr. SAUL. That made the third one present, yes. He walked right over to the table and he said, "I didn't know you knew these fellows." So I said, "I didn't know them. I just met them."

The CHAIRMAN. Do you mean you didn't recognize him immediately?

Mr. SAUL. No. Kip said to me that he didn't know I knew Panarella and Tuzio. I told him I didn't know them, that I just met them. Tuzio went over and put a coin in the jukebox, came right back and pushed his chair back, instead of sitting in line with me—

Mr. KENNEDY. I am sorry to interrupt you, but didn't Kip mention the union at that time?

Mr. SAUL. Yes. Kip said to me, "You never signed up with 19, did you?"

I said no, that I hadn't had a chance to go to this luncheonette.

Mr. KENNEDY. It was then that they went over and put a coin in the jukebox?

Mr. SAUL. Yes.

Mr. KENNEDY. Then he came back?

Mr. SAUL. Tuzio went and put a coin in the jukebox. He came back and pushed his chair back. With that, Kip took his coat off—he was wearing a short jacket—and before I had a chance to say anything, he started punching into me.

(At this point Senator Ervin entered the hearing room.)

The CHAIRMAN. Started punching you where?

Mr. SAUL. Around my face and head.

The CHAIRMAN. Was that with his fist?

Mr. SAUL. Yes, sir. I started pleading with them, and it didn't seem to have any effect. The only remark was that I was an excellent actor. They kept saying to each other, "This fellow is an actor," because I was pleading with them to stop beating me.

He kept pounding away at my head and face and it got to a point where I was just barely able to keep my head up. Every time I started to plead, Panarella would lift a napkin holder, a commercial-type napkin holder used in luncheonettes, with the open face on both sides, about 10 inches high—he lifted it in his hand and said he would bash my skull in if I said anything else.

He kept pounding away and Tuzio kept saying, "If you haven't got \$500, give them \$300. It is cheaper than buying a new set of teeth"—that it would cost me more for a new set of teeth than \$500.

I kept pleading to stop beating me, and Kip just didn't let up.

(Members of the select committee present at this point in the proceedings were Senators McClellan, Ervin, and Capehart.)

The CHAIRMAN. They were beating you then ostensibly to try to make you pay off, \$500 or \$300?

Mr. SAUL. Yes, sir.

The CHAIRMAN. That is what they were demanding while they were beating you?

Mr. SAUL. And they wanted to be a partner in the machine at the location.

The CHAIRMAN. They wanted that too, but as I understood, they kept saying that you should pay off \$500, or if you can't give \$500, give \$300?

Mr. SAUL. Yes.

The CHAIRMAN. What was that payoff for?

Mr. SAUL. Well, they claimed the location belonged to them.

The CHAIRMAN. They claimed the location belonged to them and if you wanted to get along with them you had to payoff?

Mr. SAUL. Yes, sir.

The CHAIRMAN. I see. All right.

Mr. SAUL. Finally, I was bleeding profusely from the right nostril and my mouth, and he stopped punching me.

Mr. KENNEDY. Were you losing consciousness?

Mr. SAUL. I sort of felt I was losing consciousness and I was slumping over the table, yes. With that Panarella

ordered some coffee brought to the table. So I wiped the blood from my face and I had the coffee and just barely got through with the coffee—

Mr. KENNEDY. Did one of them bring you a wet towel?

Mr. SAUL. Not then. I just sort of got through with the coffee, and I wasn't even finished when he started asking for the \$500 again. Before I had a chance to look up, Kip was back at me and this time it was really heavy, much heavier than he was before. I didn't know what to say, and I didn't cry, and I just went along and pleaded with them, and I kept pleading with them to stop beating me. This time I was bleeding from both nostrils and my mouth, and I felt myself going to a subconscious mind. Just as my head was slumping over, I could hear everything that was going on, and this Panarella said to Kip to stop, but Kip didn't stop.

He was like a wild man, and he just kept punching away at me, and finally he jumped up from the table and he yelled something to him, "Lascialo," which I later found out meant to stop in Italian, and with that Kip took his jacket and walked out.

Then Panarella ordered some more coffee. At this stage of the game my mouth felt like it was full of sand and I was all full of blood, and Panarella reached over and he straightened my tie. He called for a wet towel, or he got up. He called for one and then he helped wipe the blood off my face.

Mr. KENNEDY. Was the blood coming out your ears also by this time?

Mr. SAUL. Yes, sir; and I couldn't open my mouth at all, and my jaws felt as though they were locked at the end, and I could barely talk and barely say anything. Then he started the conversation again that he wanted to be a partner on the jukebox. Finally, out of desperation, I said I would take them in as a partner.

So he said, "Well, I don't want a third of this; I want Paul, the owner of the luncheonette, to have his 50-percent share, but I want to be a partner in your share."

In other words, I was to get 25 percent of the income instead of 50 percent.

I finally agreed to that, and he gave me instructions to leave the money in an envelope, or in a paper bag for him with the owner of the luncheonette.

Before I left he said that if he found out that I had more machines than the three I said I had, there would be trouble.

He also said that I shouldn't make any attempt at taking that jukebox out of that location. He made a statement that if I went to the district attorney, I would be sorry.

With that I went to the mirror to fix myself, and fixed my shirt, and my face, and washed my face, and my nose was completely out of shape, and it was formed like a horseshoe, like a U, and, as a matter of fact, it is out of shape now because of that. But it was like a complete U, just this way.

I left them and I went to my family doctor, and he wasn't in and I then went home; and when I came into my home,

my wife realized there was something wrong just by looking at me, and I barely made the chair. My nerves seemed to react more so then than at the time of the beating, and she didn't want me to go any further without seeing a doctor, and so she called a doctor that was used by somebody in the family, just about two blocks from where I live.

We went there, and he sent me to the hospital the next morning, but there were no fractures of any kind. My eye was all closed, completely closed, and my nose was out of shape, and I couldn't chew food for almost 3 weeks. While I was in bed, about 2 days later, I called my truckman and asked him to go to that location and take the machine out.

He called me that morning, and his conversation was something like this—

The CHAIRMAN. Who called you?

Mr. SAUL. My truckman, and he said, "Sid, do you have a partner?" And I said, "No."

He said, "Well, these people won't let the machine go out. They say you have a partner named Charlie and Charlie said that machine doesn't go out, it stays here."

So I tried to speak to the owner, and the owner said he is not letting that machine out, he had instructions from Charlie that it belongs to him, and the machine doesn't go out of the location.

With that I called the attorney for the game association, Mr. Blatt, and Mr. Blatt said if I would meet him the next day he would get the machine for me.

When I met Mr. Blatt the next morning, he took me up to the district attorney's office.

Mr. KENNEDY. You have been under the protection of the district attorney's office since that time?

Mr. SAUL. Yes, sir.

Mr. KENNEDY. You have had a police guard since that time?

Mr. SAUL. Yes, sir (pp. 16828-16831).

John Richard Caruso of Brooklyn, N.Y., a business agent for the Cafeteria Employees' Union, Local 26, FSWU, was of interest to the committee because he had formerly been a vice president of the Game and Jukebox Union, Local 19. Caruso was completely uncooperative, taking the fifth amendment on all questions. It remained, therefore, for staff member John P. Constandy to fill in the missing details which had been furnished him willingly by Caruso in a previous interview. According to Caruso's story to Constandy, in September or October 1957, Caruso was approached by Anthony Camerona, an acquaintance of several years, at which time Camerona spoke of starting a new union in the jukebox field, and requested Caruso to help organize. Caruso at that time had been unemployed for several months, and he agreed. A meeting was held at Camerona's house of the seven men who became charter applicants for the charter of local 19. Camerona was elected vice president of the union at the first meeting. He had had no previous labor experience, and had never before heard of the Federated Service Workers Union. At a subsequent meeting, a man by the name of Latriano was elected to union

office. Amalfitano was the man who actually ran the union. Pickets were hired at \$1 an hour and locations were picketed, if the location owner did not put in a machine belonging to a local 19 member. Caruso had admitted to Constandy he didn't even know the meaning of a "collective bargaining agreement," that he had never seen a membership card, that he himself had never paid dues or an initiation fee, and that he had no knowledge of anyone else's paying dues. He furthermore admitted he knew of no one who had joined as a result of the picketing, and he didn't know if the local had any members, other than the original seven. With reference to the office of local 19, Caruso said that it never had an office, but the union was run out of "Amalfitano's hat."

John Amalfitano appeared before the committee, and he took the fifth amendment on all questions. He refused to identify a photograph of Biagio Latriano, who was affiliated with him in local 19 and who was murdered August 29, 1958, in a typical gangland killing, when he was shot 11 times through the head. He refused to identify the charter for the Cigarette and Coin Vending Machine Employees' Union, Local 19, FSWU, wherein his name appeared as a charter member. Amalfitano claimed self-incrimination to all questions regarding some of his associates, which included Frank Bonfiglió, a Brooklyn hoodlum who was present at the dinner party the night the notorious Frank Costello was shot. Amalfitano would make no comment about his association with the Gallo brothers, or Carmine Lombardozzi, a New York jukebox operator who was one of the major hoodlums present at the notorious Apalachin meeting of the Mafia.

Local 19 finally came to an end when an injunction was obtained against it by the MONY. Attorney Samuel Mezansky, representing Benjamin Gottlieb, a witness, told the committee the difficulty involved in fighting these "paper" or "letterhead" local unions. He stated:

For instance, local 19 had no address. We couldn't find where the officers were located. We couldn't serve them with process. The pickets would go to a store owner, and would try to intimidate the store owner, or in some instances one of the men behind the union, local 19, Amalfitano, would simply make an appearance at the location, and the machine would immediately be turned around or disconnected.

We couldn't locate Mr. Amalfitano for quite some period of time, nor could we locate any other official. Under the New York law, in order to sue an unincorporated association, you must serve either the president or the treasurer. I have been advocating some law in New York requiring labor unions to register as the corporations are required to do; that is, we can sue a corporation by serving process on the secretary of state (pp. 16677, 16678).

Mezansky stated further:

You take the case of local 19. We obtained an injunction there at the very end of the trial, and the judge made some very serious and very important findings. He was going to hold some of the defendants for the grand jury, but even before he signed the formal injunction document, the final

judgment, local 266 came into the picture of the Teamsters' Union. In other words, the attorney for local 19 in that particular case, the next day announced that he became an attorney for a new association known as the United Game Operators, I believe, and that association immediately entered into a contract with local 266 of the International Brotherhood of Teamsters.

So no sooner do we get an injunction against one union than another union starts picketing (pp. 16678, 16679).

LOCAL 266, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS,
WAREHOUSEMEN AND HELPERS OF AMERICA

As local 19 faded from the picture in the jukebox industry, the same crowd of hoodlums reappeared, this time in the disguise of Local 266 of the International Brotherhood of Teamsters. In over 2 years of hearings, the committee had found instance after instance where gangsters and members of the underworld had used the facade of labor unions to carry on their illegal activities. In widely scattered cities, a pattern had developed that certain Teamster officials not only worked hand-in-glove with mobsters and racketeers, but actually were a part of the underworld itself. This was the situation that prevailed in Local 266, IBT.

Mr. Eli Kasper, himself an operator of jukeboxes and amusement machines, was also employed by the association, AAMONY, to survey locations, solicit new members, and further the association's interests. Kasper told the committee that after the activities of local 19 were brought to a halt by court injunction, the association had under consideration several different labor unions with whom they might enter into a contract. Teamster Local 202, which was under the trusteeship of Tom Hickey, was considered because it was a bona fide labor union. However, local 202, being a legitimate labor union, would have nothing to do with the selling of labels for the coin machines. Teamsters Joint Council 16, under John O'Rourke, took command of the situation and designated Teamsters Local 266 as the union with jurisdiction in the coin machine industry. At about this time, the Jacob brothers, Eugene and Herbert, as well as the Gallo brothers, Joseph and Lawrence, all coin machine operators and active in local 19, broke away from the AAMONY and formed a new association known as the United Coin Machine Operators of New York (UCMONY). This new association immediately signed a contract with local 266. The above events transpired early in the year 1958, shortly after James R. Hoffa took over as president of the Teamsters International. According to Kasper, local 266 began picketing those members of the association who were interested in obtaining a contract with a legitimate labor union. Because of this pressure, the members of the AAMONY voted to merge with the United Coin Machine Operators of New York, Inc. This became necessary solely as a result of the collusion between the UCMONY and the union and the economic pressure applied by local 266. It is significant that most operators have both jukeboxes and game machines. When local 266 and the UCMONY together picketed and pressured the members of the AAMONY, the result was to force them into local 266 and out of Local 1690, RCIA.

Kasper stated he immediately began to have differences with Gene Jacob, one of the owners who initiated the UCMONY and the contract with local 266. As a result of these differences, Kasper resigned in April of 1958. He told the committee that Gene Jacob controlled the union while his brother, Bert Jacob, controlled the association, and between them it was their plan to control the industry. They intended to squeeze out the smaller operators, and increase the label fees. Kasper stated Gene Jacob told him that in a short time, Jacob would have all the music operators and game operators into the newly combined association, and the new local 266, and the monthly label charge would be increased to \$5 per piece of equipment, which would make a monthly income of approximately \$25,000. Kasper emphasized that at no time was any interest ever shown in the welfare of the employees.

The head of the new local 266 in the coin machine industry was one Joseph DeGrandis. Counsel Stephen C. Vladeck of the RCIA, in his testimony before the committee, mentioned that DeGrandis had been an officer of Local 413, RCIA, at the time that union's charter was lifted by the international. This was a small union of less than 100 members, all of whom were employees at a hospital on Staten Island. When the representatives of the Retail Clerks' International visited local 413, they found no membership lists, no books, no records, and no indication at all of the existence of a union. Only two items were found in the union office. These were a gun and a billy club. Not only was this indicative of the methods of DeGrandis as a labor leader, but his past record also strongly indicated his "qualifications." DeGrandis, who has used the aliases of Joseph Russo, Joseph Angelo, and "Bull" has been arrested four times and convicted twice. One conviction was for receiving stolen property, and he was sentenced to 2½ to 5 years. The other conviction was for the operation of a still, and he received a sentence of a year and a day in a Federal penitentiary.

Albert S. Denver described how the members of his association had been subjected to constant harassment during the short period of 2 years by the successive unions attempting to "muscle" into the industry, namely locals 531, 19, and Local 266, IBT. Denver said that on one occasion, he himself was contacted by Eugene Jacob and another game operator by the name of Max Gulden, who promised him peace in the industry if he would sign a collective bargaining agreement with the Longshoremen's Union. They then went on to state that they had several unions on hand and he could just pick any one he wanted. He stated definitely the purpose of these men was to establish a monopoly control in the New York area in the coin machine industry, and that the cost per machine would then be raised to \$5 per month for the association, and \$5 per month for the union. He estimated this would be about \$75,000 per month income for the union and a similar amount for the association. As a result of this harassment, up to the last quarter of the year 1958, members of Mr. Denver's association had lost some 1,631 locations. Denver also spoke of losing 200 or 250 locations because he refused to guarantee to Ed Smith of the Emby Distributing Co. an annual purchase of 1,500 Wurlitzer machines. It is interesting to note that the Emby Co. was operated by Meyer Lansky, one of the Nation's top gangsters.

Joseph A. Iovine, a Brooklyn attorney who is an uncle of the Gallo brothers, told how he first got into the jukebox business in 1957 as a result of his legal representation of Mr. Norman Clark and Joseph Gallo, who had set up a coin machine business. While representing these operators, Iovine was made vice president of Teamsters Local 266. It was questionable whether Iovine was even a member of the union at the time he became a vice president inasmuch as he had just applied for membership. He stated he had never paid any dues or any initiation fees, either before becoming a member or since. It is noted that the Teamsters constitution provides that a member must be in good standing continuously for a period of at least 2 years before he can be elected to office. At any rate, Iovine was vice president of local 266 at the same time he was attorney for one of the operators. The whole situation, as outlined for the Senators, was a travesty against honest trade unionism as it is practiced in this country. Not one thought was ever given, or one action taken, to provide any benefits for any employees or to enter into any bona fide labor-management negotiations. Local 266 was, like its predecessors, locals 19 and 531, set up strictly as a means of providing such fear and intimidation as is necessary to take over jukebox locations for the operators. All this was a means toward achieving a monopoly in the business in the New York area, and was obviously done with the knowledge, consent, and approval of higher authorities in the Teamsters International, including James R. Hoffa.

Joseph DeGrandis, the president of local 266, in his appearance before the committee, took the fifth amendment, as was expected, to all questions regarding his past life, his criminal record, and his union activities. During his testimony, staff member John P. Constandy introduced some of the pertinent records of local 266. These showed that the union was operating out of the residence address of Joe DeGrandis. It showed, furthermore, that there were clauses in the contract between this union and the UCMONY, of which Eugene Jacob was president, which provide for the payment to the union by the employer of the charge for labels for all machines on location by the employer. Similarly, the contract between local 266 and the AAMONY provided for a payment to the union by the employer of a label charge of \$7.80 per year per machine on location (p. 16884).

The testimony of Milton Green, coin machine operator, of Brooklyn, N.Y., clearly showed the committee the type of individuals found in so-called unions such as local No. 19 or local No. 266. Green operates approximately 50 jukeboxes and 70 game machines. Being in the jukebox business, he retained membership in the MONY, and in Local 1690 of the Retail Clerks International. Prior to 1957, he was also a member of the AAMONY. Green told about the time when the members of the association were going to reach a decision as to what union they were to be associated with. Another operator by the name of Lou Rosenberg had reminded Green to be sure to attend the meeting, where a vote would be cast as to the selected union. Rosenberg himself did not attend the meeting, because of a threat he received indicating that something serious would happen to his family if he attended. The association proceeded to sign an agreement with Teamsters Local 266. However, there was discussion among many members about putting the association into voluntary bankruptcy and therefore void-

ing the contract with Teamsters Local 266, which they felt was being run by gangsters. At a meeting of the board of directors of the association, Green voted to oppose Teamsters Local 266 by dissolving the association. As he went home that night, he noticed he was followed by Max Gulden, who was prominent in the activities of local 266, along with the Gallo brothers and the Jacob brothers. As Green approached his home that night, he was badly beaten by someone armed with a steel bar, suffering a skull fracture, concussion, and severe head wounds. He has never completely recovered from this beating, which apparently was administered because of his opposition to the racketeers in local 266.

When Eugene and Herbert Jacob were brought before the committee, they took the fifth amendment on all questions regarding their activities in the coin machine industry and its affiliated unions. The Jacob brothers owned the Nu-Way Vending Co. of Brooklyn, a route of about 25 jukeboxes and 20 game machines. In addition, they operate a route of from 60 to 70 locations in West Virginia, Ohio, and Pennsylvania. In partnership with them in the latter route is the same Max Gulden previously mentioned. Introduced in the testimony was an affidavit by Salvatore Caruso, who operates a restaurant in Levittown, N. Y. Caruso had a jukebox in his place of business, placed there by Eugene Jacob. On expiration of his contract with Jacob, he decided to purchase his own music machine and a cigarette machine. After he installed his own machines, the Jacob brothers tried to purchase the new jukeboxes. When Caruso refused, his place of business was picketed by Local 266, IBT. It was only after proceedings were filed by Caruso in the local court that local 266 withdrew the picket on the promise of Caruso to have the machine serviced by a union serviceman. Hal Zimmerman, the salesman who sold the machines to Caruso, executed an affidavit that he and his family were threatened as a result of his selling the machines to the Caruso restaurant.

Joseph and Lawrence Gallo, so prominent in the operation of local 19 and Teamsters Local 266, appeared together before the committee and, like the other subjects involved in this situation, claimed self-incrimination to any and all questions regarding their operations. Detective Cyril T. Jordan of the New York City Police Department put into the record of the committee's hearings the criminal history of Joseph Gallo, alias Joey Gallo, alias Joey the Blond. This record reads as follows:

March 16, 1944, arrested for juvenile delinquency, age 14. He was placed on probation.

April 8, 1945, arrested for assault, fist; discharged.

March 1, 1947, arrested for 1897, weapons law, club and rocks; discharged.

January 14, 1949, arrested for abduction; grand jury returned no bill.

November 12, 1949, arrested for possession of and firing of a gun; discharged.

February 17, 1950, arrested for burglary and burglary tools; convicted, sentenced to New York Penitentiary; sentence suspended.

July 23, 1950, arrested for disorderly conduct, dice; convicted, suspended sentence.

June 24, 1954, arrested for kidnaping and attempted sodomy; dismissed.

September 19, 1954, arrested on a bench warrant for kidnaping; acquitted.

November 23, 1954, arrested for felonious assault; convicted. This was later reduced to a lesser crime and he was fined \$5 or 3 days.

April 20, 1955, arrested for bookmaking; dismissed.

November 14, 1956, arrested as a cutter in a dice game; dismissed on his own recognizance.

February 10, 1957, arrested for felonious assault; dismissed.

July 3, 1957, arrested for vagrancy; disposition not shown.

February 29, (sic) 1958, arrested for vagrancy; disposition not shown.

June 17, 1958, arrested for vagrancy; disposition not shown.

October 23, 1958, arrested for disorderly conduct; disposition not shown.

His former employment is a restaurant employee, a longshoreman, and an engraver (p. 16839).

Relative to the other brother, Lawrence Gallo, Jordan described his record and furnished additional information regarding the criminal activities of the Gallo brothers, as requested by the chief counsel. His pertinent testimony is as follows:

Lawrence Gallo is known to New York City Police Department under B No. 225659. He is 30 years of age and has been arrested 13 times, as follows:

July 21, 1943, arrested as a juvenile delinquent; dismissed.

July 15, 1944, arrested for grand larceny and criminally receiving stolen property; placed on indefinite probation.

August 12, 1951, arrested for disorderly conduct, crap game; received a suspended sentence.

October 19, 1951, arrested for policy; \$75 fine or 30 days.

March 31, 1952, arrested for criminally receiving stolen goods, 20 men's suits; sentenced to 1 year in New York City Penitentiary on October 28, 1952.

April 15, 1952, arrested for conspiracy and policy; disposition not known.

September 22, 1954, arrested for disorderly conduct, cards; dismissed.

September 19, 1954, arrested for kidnaping; acquitted.

October 23, 1954, arrested for felonious assault; convicted of a lesser offense; sentenced to \$5 or 3 days.

October 14, 1956, arrested as a common gambler; dismissed on his own recognizance.

March 28, 1959, arrested for vagrancy; dismissed.

On June 17, 1958, arrested for vagrancy; dismissed.

On October 27, 1958, arrested for disorderly conduct and vagrancy; disposition not shown.

His former employment is a restaurateur, longshoreman, tractor operator on the docks.

In addition to the above, both brothers were held as material witnesses on March 25, 1952, in connection with the Kings County grand jury investigation of crime and racketeering in Kings County, Brooklyn. On March 28, 1952, Joe and Larry Gallo were released on bail at \$10,000 and \$25,000 respectively. They were discharged September 5, 1952.

The arrests each show for vagrancy on June 17, 1958, resulted from the following:

Mr. KENNEDY. The story he is about to relate is rather an interesting one, Mr. Chairman, as to the operations of some of these people.

Mr. JORDAN. One Dominick Scialo and Angelo Pero, both of Brooklyn, were sought in connection with a double murder in March of 1958. The New York City Police Department acting on information that an affair was to be held at the Club 13 in Brooklyn to raise money to enable Scialo and Pero to evade authorities, arrested 21 persons who were in attendance and questioned 27 others.

Among those arrested were Joseph and Larry Gallo. Also arrested was John Oddo, alias Joey Bathbeach, a notorious local hoodlum. Another one of those arrested and questioned was Sidney Slater, an officer of the now defunct United Machine Office Workers of New York, Inc.

Mr. KENNEDY. They got together, a group of them, to try to raise money for these two people who were wanted for this double murder?

Mr. JORDAN. Yes, sir.

Mr. KENNEDY. It was sort of a fund-raising affair; is that right?

Mr. JORDAN. That is our information.

Mr. KENNEDY. And these two gentlemen were there to try to contribute to help these other men who were being searched for this double murder, to help them evade the authorities?

Mr. JORDAN. Yes, sir; that is our information.

Mr. KENNEDY. What was the double murder? What was involved there?

Mr. JORDAN. Scialo is wanted for the murder of two men, Alexander Menditto, 17, was found shot on March 17, 1958, in front of 2121 Avenue Z, Brooklyn, and Bartholemew Garofalo, 24, was found dead on March 18, in a lot at East 70th Street near Avenue W, Brooklyn. Menditto died later in the hospital on March 25. Garofalo was shot six times and Menditto four, and then they were thrown from a moving car (pp. 16839-16840).

THE FACTORING COMPANIES

Correlative to the activities of these unions and the associations of operators in the music machine business in New York were the factoring operations of certain individuals. This consisted of the lending of money on a short-term basis, usually in large amounts, for usurious and illegal rates of interest. Charles Bernoff, a jukebox operator in New York and vice president of the MONY, was questioned by the committee in connection with some of these factoring operations. Sherman S. Willse, a staff member, provided the com-

mittee with some of the background on Charles Bernoff and his associations. Bernoff is president of the Regal Music Co., Inc., operators of jukeboxes and game machines, and at the same time serves as secretary-treasurer and director of the Admiral Trading Corp., which is the factoring operation. Another factoring company with which Bernoff was affiliated from 1949 to 1956 was the Belmont Factors, Inc. The Vernon Hills Estates, Inc., was also another business in which Bernoff was interested, along with the Board Street Hickory Grill Corp., a bar and grill located in Newark, N.J.

Willse told the committee that back during the prohibition era, Jacob Bernoff, alias "Jewey" Cohen, a brother of Charles Bernoff, engaged in the beer distributing business with Dutch Goldberg, alias Henry Shomberg, and Louie Pots, and Abraham Lichtenstein, better known as Augie. These men were close associates of Dutch Schultz, notorious New York beer baron. Their place of business was then located near where the Regal Music Co. has its present headquarters. With the repeal of prohibition, this company finally ended up in the jukebox business under the name of the Greater New York Amusement Co. Dutch Goldberg, it will be recalled, was a top mobster along with Dutch Schultz, and was involved with the old Lepke-Gurrah mob in the garment industry. Along with Jacob Bernoff and Augie Lichtenstein of the Dutch Schultz mob, there were associated such prominent gangsters as Abe Chait, Joe Adonis, Frank Costello, and Meyer Lansky.

The Greater New York Amusement Co. later became the Regal Music Co., formed by Charles Bernoff, Lily and Abe Gabaeff, and Jean Taylor, the latter two individuals being registered for their husbands, Murray Gabaeff and Edward Taylor. These were all top hoodlums, closely associated with the Lepke-Gurrah mob (Murder, Inc.), and were involved in the extortion of \$2½ million in a 5-year period in the milk industry, at which time they were in collusion with certain Teamster officials. All these men had extensive arrest records, and their names were prominent in criminal activities in New York over a long period of time. Jacob Bernoff, brother of Charles, died in prison in February of 1958, while serving time for a Federal narcotics violation. He had previously been convicted 9 times out of 12 arrests.

The legitimate operations of this outfit started with the Regal Amusement Corp. in June of 1947, and they handled slot machines, cigarette machines, automatic vending machines, and amusement machines and devices. In June 1948, the name was changed to the Admiral Trading Corp., and its operations were transferred to making loans as a factoring company. Bernard Linn was the president; Helen Mishel, acting as a "front" for Irving Mishel, was treasurer; and Charles Bernoff was secretary and a director. The company made loans primarily to locations where jukeboxes and game machines were placed. However, numerous other loans were made to major racketeers and hoodlums throughout the New York underworld.

Irving Mishel testified before the committee in connection with the operations of the Admiral Trading Corp. At the time of his testimony, Irving Mishel was serving a 10- to 20-year sentence for forging and transporting stolen bonds. Charles Bernoff, longtime friend and associate of Mishel, had testified against Mishel in his criminal trial, and was largely responsible for Mishel's conviction and sentence.

While Bernoff was taking the fifth amendment to any and all questions placed to him by the committee, Mishel frankly furnished to the Senators a rundown of his activities and those of Bernoff. Mishel stated that other persons found guilty with him at the time of his conviction were "One-Arm Louie" Blumenthal; "Harry the Hawk" Gottlieb; Sonya Lang, who had been living with Harry the Hawk; Irving "Cockeyed Mickey" Rosenberg; "Fat Freddie" Schatzberg; Samuel Friedman; and Irving "Knadles" Nitzberg. Mishel described Knadles as a man who had been in the death house at Sing Sing Prison on two separate occasions.

Mishel stated he was in numerous different companies, one of which was the Herald Capital Corp., a money-lending company. With him in this company were Joseph Paige and Charles and Jacob Bernoff. Mishel first met Charles Bernoff in the early 1940's, meeting him through Murray Gabaeff's son, Jackie Gabaeff, one of those convicted in the milk extortion racket. On the suggestion of Charlie Bernoff, Mishel and Bernoff started loaning cash, a practice which Mishel described as "shylocking." This consisted of lending money at illegal rates of interest. For instance, a \$10,000 loan might be made to a bookmaker or some such person, which would be repaid at \$1,000 per week for 12 weeks. The rates of interest would vary, and from among the loans examined by the committee, it was noted that the interest rates ranged from a low of 15 percent to as high as 198 percent.

At Bernoff's suggestion, Mishel stated they went into the coin operating business starting with cigarette machines, and that he invested between \$15,000 and \$20,000 in the venture. It was the practice to lend money to a location owner in order to get a machine set up at a particular spot. They were also able to retain their locations by having loans outstanding with location owners and by holding the threat of foreclosure over them. Backing for the company in obtaining locations was also provided through the use of fear, in that it was well known that Jacob and Charlie Bernoff were friendly to numerous top hoodlums such as Hymie Segal, known as a "killer's killer;" Max Courtney, a bookmaker; and Meyer Lansky.

Mishel stated that Charlie Bernoff was becoming weary of lending money to people in the jukebox business without getting interest, and it was then they decided to set up the Admiral Trading Corp., in 1947, to get a regular money-lending operation going. Attorney Joe Paige, Charlie Bernoff, and Mishel were the principals. Mishel's wife "fronted" for him, and Charlie's wife, Betty, "fronted" for him. They established an unsecured line of credit for \$300,000 at the National Safety Bank & Trust Co. by making gifts to two of the bank officials.

With these arrangements, Mishel stated, they went into the shylocking business, and at different times loaned money to some of the leading underworld figures in the northeastern section of the country. Borrowers included persons involved in gambling, prostitution, burglaries, and even persons accused of murder. Mishel stated that he personally drew the line to financing anyone in the narcotics racket. The total amount of money loaned by this operation, according to Mishel ran into millions of dollars, and as mentioned before, the interest rate was as high as 198 percent. Persons to whom loans were

made were identified by Mishel as including "Little Harry" Gross, a Brooklyn bookmaker; William Axelrod, alias Willie Baker, a gambling establishment operator and associate of Meyer Lansky; Red Levine; Champ Segal; David Karpf, a labor extortionist and racketeer; Samuel Kaufman, alias "Petey" Mack, who in turn had a shylocking business himself. According to Detective Thomas O'Brien of the New York City Police Department, who appeared before the committee, Kaufman is a close friend of west coast gangster Mickey Cohen, and a friend of the late Bugsy Siegel. Other borrowers included Augie Lichtenstein; Charles Marcus, an accountant for numerous hoodlums; Harry Rimmer; and Red Rosen, who is an associate of Johnny Dioguardi in the union racketeering. Another person who borrowed money from this company was James Rutkin, prominent racketeer and former bootlegger, who is a close associate of such notorious hoodlums as Frank Costello, Longie Zwillman, Harry Stromberg, and Frankie Carbo. Harry Stromberg, alias Nig Rosen, was also a borrower from the company.

These are only a few of the hoodlums whom Mishel recalled had borrowed money from his company. Many more names were brought out in the hearings as customers of the Admiral Co., and they include gangsters and racketeers from every phase of criminal activities.

Mishel's testimony, made in the presence of Charles Bernoff, provided a basis for further questioning, but Bernoff declined to answer, resorting to the fifth amendment to any and all queries.

IV. CHICAGO AND VICINITY

INTRODUCTION

In the Midwest the organized underworld is known as the "Syndicate." Its upper echelon still includes former Capone gang killers. It dominates the jukebox, game machine, and cigarette machine businesses in the city of Chicago, and in the ever more populous counties surrounding it. By economic and physical coercion, violence, and murder, the Syndicate was extorting tribute of over \$100,000 a year from jukebox operators (p. 17055), and an equal sum from game machine operators (p. 17142) in Chicago alone. It was forcing jukebox operators to cease buying records at stores of their choice in favor of a Syndicate-owned "One-Stop" where they were forced to pay excessive prices for counterfeit discs (pp. 17024, 17071). Businessmen were told to purchase and otherwise "plug" records of hoodlum-managed singers (p. 17038); and legitimate operators were forced out of business (pp. 17007, 17024) or forced to accept Syndicate thugs as uninvited, silent, noncontributing partners for at least 50 percent of the profits (p. 16996).

The threat such criminal organizations pose to the sovereignty of democratic government was demonstrated in five situations the committee investigated in the Chicago area. In each instance it seemed alarmingly clear that law enforcement agencies were ineffective in protecting the persons and property of citizens the Syndicate had designated as its prey. In each instance, Fred "Jukebox" Smith, business representative of Local 134, International Brotherhood of Electrical Workers, Joseph Paul Glimco, racketeer Teamster official, played a major role.

For many years infamous grafter "Umbrella Mike" Boyle (deceased March 1958) headed local 134. In 1940 he delegated authority to Smith to manage the local's "coin-machine division." This division acted as an enforcement arm for the jukebox operators' association (p. 17164). Smith was widely believed to have been sponsored by Eddie "Butch" Vogel, a Syndicate power for the past 30 years (pp. 17167, 17171).

Vogel has supervised slot-machine operations for the Capone mob in the late 1920's. In 1936 he included jukeboxes and, soon after, cigarette vending machines. At the time of our hearings he had the largest jukebox route in Chicago, and his company's manager was president of the Jukebox Operators' Association. Vogel also had a large route of amusement machines in Chicago, and the largest cigarette vending operation in Cook County (p. 17169).

CHICAGO

1. Syndicate domination of jukebox operators

The criminal syndicate in Chicago has long been known to derive major income not only from the operation of organized crime but also by preying on legitimate business.

This condition was found to exist by the investigation of the committee which reflected that the reputable jukebox operators of Chicago and vicinity were exploited by major segments of the underworld to upwards of \$100,000 a year. To accomplish this the syndicate used a three-prong attack to siphon off the profits of music-machine operators, regardless of whether they were large or small.

In Chicago, as in other localities, it was found that a large portion of the operators were banded together in an association to protect their individual locations from outside competition. To this association the members paid in 30 cents per machine per month or approximately \$24,000 per year. The association members and their employees were also required to belong to a labor union which served as the enforcement arm of the association. The union in the jukebox industry sought no legitimate trade union benefits for its members and served only as a false front to enforce the will of its officials. The union involved in this instance was local 134 of the International Brotherhood of Electrical Workers. In this union was a coin-machine division consisting of 200 members and headed up by Fred Thomas Smith, also known as "Jukebox Smitty." Dues from the members poured \$15,800 in this section of local 134.

The third prong in the underworld's hold on the jukebox industry was the Commercial Phonograph Survey which exacted tribute of \$74,000 per year from the jukebox operators to permit them to do business in Chicago. This company was owned and operated by Michael Dale, a protege of "Jukebox" Smith. While Smith used his position to force the operators to belong to the union, the association, and the Commercial Phonograph Survey, Dale carried on his payroll two of Fred Smith's brothers, William and Frank. Also on the payroll of CPS were William Messino, ex-convict and former handyman for gangster Tony Accardo, along with ex-convicts Joseph Gagliano and Lawrence Rossano.

Jukebox owners Donald J. Moloney and Max Brier told how they were each required by "Jukebox" Smith to join local 134 and to subscribe to the Commercial Phonograph Survey. Moloney testified that he paid \$690 per year for 50 machines, which was strictly a "shake-down" with no benefits whatever derived from this membership and, in addition, he had to pay \$134.20 to the union (pp. 16957, 16958).

"Jukebox" Smith used the union as the enforcement arm which required members to conform to the allocating of territories and the fixing of prices. Nonmembers were kept from entering the business and location owners were not allowed to own their own machines or to deal with an operator of their own choice.

Michael Dale and "Jukebox" Smith monotonously intoned the fifth amendment plea to all questions regarding their activities. Smith refused to offer any explanation of a \$5,000 payment he received in 1948 from the Simplex Co., an outfit owned by Tony Accardo. He declined to comment on \$5,000 he extorted from the Dormeyer Co. to keep labor peace, on \$500 the Koban Distributing Co. (a Wurlitzer distributor) had to pay him, and on his own business partnership in jukeboxes with Joey Glimco, notorious hoodlum, Teamster official, and henchman of James R. Hoffa (pp. 17166-17167).

2. *Syndicate-forced sales of counterfeit records*

In late 1956, Chicago jukebox operators received written, telephoned, and personal solicitations from Smith, his brother Frank, and from Glimco to purchase their supplies of records at Lormar Distributing Co., a recently established "one-stop."

Lormar was located in Cicero, Ill. (infamous sanctuary of the Capone mob), opposite Glimco's Teamster office. Operating from Lormar's premises was Consolidated Record Sales, Inc., ostensibly engaged in buying and reselling, to chain stores, used records of "dying" hit tunes.

Jukebox operators refusing to heed the "advice" of Smith and Glimco began to lose their locations to an "E. & E. Music Co.," alleged to be owned by Anthony Erice, who operated it as a "whip company" for Lormar.

Mr. KENNEDY. * * * in order to bring this pressure, Lormar not only brought the pressure through the union, Joey Glimco, and "Jukebox" Smitty, but they also formed this E. & E. Co.

The E. & E. Co. would be the whip company. As we have seen it operate not only in Chicago, but as we have seen it operate in the cartage industry and other industries, they don't care what kind of a loss they take temporarily, because the idea is to try to obtain a monopoly in a particular community.

We have found from an examination of some of the accounting papers of the Lormar Co. that they took a loss of \$85,000 for jukebox sales during the period of 1957, the end of 1957, and 1958.

The CHAIRMAN. What company?

Mr. KENNEDY. Lormar. That is the company that was supposed to be producing records but they took a loss in

jukebox sales of \$85,000, which would be the E. & E. Co. (p. 17101).

Charles "Chuck" English was the owner of record of Lormar. E. & E. had the same address as a "Midwest Music Co." and a "3340 Club." English's brother Sam (who had once been hired by the Chicago Restaurant Association to obtain labor peace for them) was a partner in "Midwest" and the "3340 Club" was discovered to be a gambling partnership of Edward Flanagan, Sam and Chuck English. English invoked the fifth amendment when asked to explain his operation, but his background disclosed the close relationship between the Chicago syndicate and union officials Glimco and Smith. The salient facts were put to English by our chief counsel:

MR. KENNEDY. * * * you have handled * * * money on behalf of Paul "The Waiter" Ricca * * * back as far as 1952 * * *

* * * in 1954, Mr. Giancana received \$50,000 in profit from betting * * * And he paid you off \$12,500 of that? * * * And Mr. Giancana was the chief gunman for the successors of the Al Capone mob * * * And you do his menial tasks for him, do you, Mr. English?

Mr. Giancana * * * is the man behind Mr. Chuck English. This is a syndicate operation, the Lormar Record Co., an underworld operation, and Mr. English in our estimation is merely a front. He is a lieutenant of Sam "Mooney" Giancana, who, along with Tony Accardo, is probably now one of the chief underworld figures in the Chicago area, since Paul "The Waiter" Ricca has been convicted of tax evasion. Mr. Chuck English has assumed more importance over the last 3 or 4 years, and this record company has been a front for Giancana through the efforts of Mr. Chuck English (pp. 17095, 17096).

* * * according to records in our possession, you and he were in partnership together and declared for the years 1956, 1955, 1953, and 1952, a 4-year period, some \$45,000 in partnership * * * (p. 17098).

Mr. Kennedy related other notorious associates of English: Sam "Golf Bag" Hunt; "Greasy Thumb" Guzik; and William "The Saint" Skally, bookmaker and master counterfeiter for the syndicate; and

* * * he [English] registered for the draft in October of 1940, and was classified 1-A, and he made numerous attempts to have his induction deferred on the ground that he told the representative from the draft board that he had had a 15-year record of friction with the law, and that if the draft board wanted him, they would have to come and get him (pp. 17098, 17099).

From Theodore Sipiora, a coowner of "Singers' one-stop" Record Service, Inc., the committee heard an eyewitness account of how the

Chicago underworld "took over" another legitimate business. Sipiora explained that his company was a jobbing outlet for records of various manufacturers. This allowed jukebox operators to purchase a variety of records at one place, instead of going to the separate distributors of each company. Sipiora testified that several years ago his company started losing business to Lormar. Operators told him he would be losing a lot more. His former customers told him that

* * * if they wanted to stay in business they would have to buy records there (i.e. Lormar * * *).

Mr. KENNEDY. How were they going to put them out of business?

Mr. SIFIORA. Very simply. They would take their locations away.

* * * * *

Mr. KENNEDY. How were they able to do that in Chicago?

Mr. SIFIORA. With the help of the union.

Mr. KENNEDY. Do you mean they would put a picket line up?

Mr. SIFIORA. I don't think they had to use a picket.

Mr. KENNEDY. Just tell them?

Mr. SIFIORA. * * * That is right.

Mr. KENNEDY. Then that would cut off the deliveries and the tavern would be put out of business?

Mr. SIFIORA. That is right.

* * * * *

Mr. KENNEDY. Did you understand that they had some tough people that were going around, some musclemen?

Mr. SIFIORA. Well, sometimes the operators came in and told us that they had a visitor. They were afraid to mention who it was.

Mr. KENNEDY. Is this a situation that spread across all of Chicago and the outlying area?

Mr. SIFIORA. That is right.

Mr. KENNEDY. So now this is the company that really controls the distribution of records, in the whole, of the central part of the company there, around Chicago, and up into Wisconsin? (p. 17024.)

Mr. SIFIORA. I imagine.

Mr. KENNEDY. Did they contact people in Iowa, too?

Mr. SIFIORA. Yes; they did. A fellow sent us back literature from them.

Mr. CHAIRMAN. Do you mean this situation prevails there now?

Mr. SIFIORA. Yes, it does.

The CHAIRMAN. With this union backing up this business that you understand is operated by the underworld element?

Mr. SIFIORA. That is right.

* * * * *

Mr. CHAIRMAN. How much of your business have you lost since this operation started?

Mr. SIFIORA. About 90 percent of the operators.

(Sipiora said this meant a loss by Singer's to Lormar of some \$800,000 volume per year.) (p. 17024.)

Sipiora heard first of his hoodlum competitor and their deadly method of competition from an employee of one of his biggest customers, Apex Music Co. (owned by gangster Eddie "Dutch" Vogel).

Mr. SIIPIORA. He told us that a friend of theirs has gone into the record business and hereafter they would have to switch all of their business to them.

* * * * *

Mr. KENNEDY. Now, did you find or did it come about that the Lormar Distributing Co. was not satisfied with this arrangement of gaining control, but they started then to put out counterfeit records?

Mr. SIIPIORA. I don't know the basis of it but we know there was a flood of counterfeit records in the city.

* * * * *

The records were sold a nickel below our cost, and we received cards from our operators to the fact that records were being sold for a nickel less, and we are a dime over because we pay 60 and we sold them at 65, and the cards they received stated that they could buy them from Lormar for 55.

It was then the distributors started to look into it because they thought it was phony because they didn't give any special price.

* * * * *

We found out that they were coming in the city from Ohio, and they were counterfeit (pp. 17029, 17030).

Many complaints were made by the operators to the State's attorney and to the Chicago Crime Commission and both initiated investigations. On February 7, 1958, the State's attorney raided Lormar and English and one George Hilger. Hilger was charged with counterfeiting a trademark and English was charged with possession of records labeled with fake trademarks. In a coordinated move the Cincinnati police seized a huge quantity of counterfeit records from the Rite Record Co. in Cincinnati, owned by Carl Burkhardt. Burkhardt, convicted in 1950 of selling indecent records, claimed he was unaware the labels did not belong to a "George Miller of Chicago" from whom he received them and with whom he had been persuaded to devote 70 percent of his plant's production to pressing records from plates sent to him by Miller. The business was all "c.o.d." Shipments of plates and labels to Cincinnati and of finished records to Chicago were via Greyhound Bus Lines.

The Cincinnati police established that Burkhardt had been sending records to Miller as early as October 1957. Accounting records showed that in the ensuing 6 weeks Burkhardt sent 121,700 counterfeit records to Miller. Testimony disclosed "George Miller" to be George Hilger, associate of Chicago hoodlums, and of Chuck English. Hilger's niece Marilyn was married to Bill McGuire, general manager of Lormar and treasurer of Consolidated Record Sales, Inc. The other officers of Consolidated were Lorraine English (Chuck's wife), president, and Mary English (Sam's wife), secretary. The name "Lormar" was

an obvious contraction of the names of the two women. Prosecution by the Illinois State attorney resulted in dismissal of charges against English, and payment of a \$50 fine by his associate George Hilger. Sipiora believed that part of the obstacle to effective prosecution was the reluctance of his fellow businessmen to be witnesses—which gave further impetus to their predators.

Mr. KENNEDY. Do you find that that is a general situation now in the industry, that people are reluctant to talk because of what has happened in the past?

Mr. SIFIORA. Yes, they are. I know for a fact that most of the operators that we have dealt with we have known for years, and they would be very willing to cooperate with any committee if they knew that it would keep going and arrive at some punishment.

We know that you fellows and other committees have investigated and if things just stay at that point, and nothing is done to punish these men, that is why you are not getting cooperation.

Mr. KENNEDY. Were you told just this past week that once the investigation blows over, that the whole group will be back in operation?

Mr. SIFIORA. That is right.

* * * this week we lost, I would say, two or three accounts, and they said they were told by their bosses not to come to our store any more, and the pressure is on again (p. 17031).

Notwithstanding action by the Illinois State attorney and the consequent notoriety, E. & E. continued to jump locations of operators refusing to buy records with Lormar. By March 1958 almost all operators were doing so, and Lormar continued to secure its monopoly of record sales to Chicago's jukebox operators.

Mr. KENNEDY. Did they say they would be back in business after the investigation is finished?

Mr. SIFIORA. They think that they will be in stronger than ever. That is what they tell us (p. 17031).

Sipiora was unable to explain why none of the record manufacturers whose products had been counterfeited took any legal action against Lormar or its principles. Even worse, these companies continued to do business with Lormar. The results of such conduct was forecast.

Senator MUNDT. It seems to me they encourage the repetition of that kind of evil if they haven't enough gumption to sue to protect their own interests, and when the culprits' only penalty is a \$50 fine. This encourages somebody else to counterfeit. I am completely mystified by the negligence that the officials of these corporations show to their stockholders and to their responsibilities by not suing the people once it is demonstrated who they are who are counterfeiting their product (p. 17035).

Within the year this predicted evil was sweeping the country. The industry's foremost periodical reported: "Bootlegging Singles Burgeon."

NEW YORK AREA LATEST SUFFERER—MANY LABELS VICTIMS

NEW YORK.—Bootlegging of single records * * * is blossoming in greater abundance than ever * * * most recent instance of bootlegging which came prominently into the public print was that involving the Burkhardt pressing plant in Cincinnati in a deal which also involved Lormar distributors in Chicago.

Most recently afflicted area appears to be New York but tradesters are openly connecting bootlegging operations with the vast amount of transshipped merchandise noted as flowing between many cities. * * *

* * * on "hot" merchandise, there are no royalties and no excise taxes paid. What has tradesters badly shaken up now is the fact that the proportion of bootlegged disks now being sold as legit, seems to be increasing steadily.

* * * there have been few if any convictions obtained and sentences passed on proven bootleggers. Now, many tradesters feel, it is time for somebody to go into action and prepare a strong, well-documented case * * * (The Billboard, Nov. 9, 1959).

3. *Criminal sponsorship of recording talent*

Singer's one-time sales volume prompted hoodlum pressure on it to "plug" the recordings of an unknown artist under contract to a known racketeer. Sipiora testified that several years ago he was approached by the then manager of Vocalist Tommy Leonetti, Mr. Ambrosia. He was told to push Leonetti's records.

Mr. KENNEDY. He brought in 50 and gave them to you free?

Mr. SIIPIORA. That is right.

Mr. KENNEDY. Then what happened? Did you have another visit?

Mr. SIIPIORA. No. He called us several times and wanted to know what we were doing with the record, why we didn't buy it. We told him it wasn't good enough to get on the boxes.

Mr. KENNEDY. What happened then?

Mr. SIIPIORA. He paid us a visit * * *. He was with someone * * *.

Mr. KENNEDY. Did you understand he had some underworld connections at that time?

Mr. SIIPIORA. We didn't know until later.

Mr. KENNEDY. * * *. How did he put his point over when he visited you this time you are describing now?

Mr. SIIPIORA. Well, he was very insistent. He demanded we help him * * *. He was tossing what we felt was a bullet.

* * *
Mr. KENNEDY. * * *. What did he say when he tossed the bullet into the air? * * *

Mr. SIIPIORA. Well, "These things can be dangerous. They penetrate flesh." And that was all.

* * * * *

Mr. KENNEDY. What happened after that?

Mr. SIIPIORA. Well, we did get some of the records later because some of the operators, I guess, had calls and they were asked to buy it. We bought it specifically for the operators (p. 17039).

Siihora was corroborated by Robert Lindeloff, president of Music Operators of Northern Illinois.

Mr. KENNEDY. Were you ever urged at any time to push the record of any particular singer?

Mr. LINDELOFF. Once.

* * * * *

Mr. Glimco * * * asked me to * * * tell the operators to put Tommy Leonetti's popular record of that day on the No. 1 spot of their phonographs, which I did not do.

Mr. KENNEDY. Did you understand that some of the other distributors were contacted in the same manner?

* * * * *

Mr. LINDELOFF. I believe they possibly called lots of people and told them that * * * yes (p. 17015).

When Mr. Leonetti was interviewed, he stated that he did not know Mr. Ambrosia was connected with the underworld; that Ambrosia's handling of Leonetti's affairs was unsuccessful; and that after a couple of years with Ambrosia, Leonetti employed another manager. The committee is pleased to confirm that no derogatory information about Mr. Leonetti has come to its attention.

4. Syndicate shakedown of game machine operators

Another group against whom Jukebox Smith used his union position on behalf of Chicago's underworld was composed of some 100 operators of amusement machines. Mostly small businessmen, they rented several types of coin-operated games to various locations on a commission basis. Collectively, they owned between 7,000 to 9,000 machines, grossing about \$200,000 per week. Using familiar tools—a corrupt union official, criminal terrorists, and greedy businessmen—the syndicate was able to extort from these game operators an estimated \$100,000 a year.

In late 1955, a group of operators formed the Chicago Independent Amusement Association, Inc. (CIAA), a "not for profit" organization. The main purpose of the association was to preclude "location jumping" and other forms of competition among themselves, thus obtaining the "advantages" enjoyed by Chicago's jukebox operators.

However, some members would not conform to association bylaws restraining competition. In mid-1956 the officers accepted Smith's "suggestion" to hire Hyman Lerner, then using the pseudonym "Red Waterfall," as executive secretary. Contrary to the association's minutes declaring Waterfall was elected, investigation disclosed he had assured both title and function substantially in advance of the alleged election.

On December 1, 1956, Waterfall rented a suite of offices at 183 West Randolph Street, Chicago, giving fictitious personal and financial references. In January 1957, Waterfall and Sam Greenburg announced that they had negotiated with Smith and obtained a master labor contract with local 134. They claimed the requisite union dues were to be remitted through Waterfall's office. To include union dues the association dues were raised by 600 percent. Thereafter each member was billed quarterly, in advance, \$1 per machine per month.

The committee established that local 134 never received any money for game machine operators or their employees. It had no record of the alleged CIAA-134 contract; it never received a contract to incorporate into its membership the employees in the game machine field; and all personnel at local 134 disclaimed knowledge of the entire matter.

Assistant Counsel Kaplan testified that he found at the CIAA office all of the impediments necessary to give the impression CIAA had a union contract. Items included a rubber stamp with the IBEW legend on it, stationery headed "IBEW Local 134," business cards of Fred Thomas Smith bearing the seal of local 134, blank "obligation cards" of the IBEW, and prepaid envelopes of local 134. These and other similar articles showed conclusively that the "union" operated out of the offices of the employers' association.

After CIAA claimed to have signed a labor contract with local 134, all game operators received letters advising them to join the association. Nonjoiners were punished by the hijacking or damaging of their machines.

Committee Investigator James McShane established that career thugs Alex Ross and James Rini damaged some 20 machines with hatchets or sulfuric acid. Rini had a record of 31 arrests and 19 convictions; Ross, 22 arrests and 8 convictions. Both invoked the fifth amendment to avoid giving testimony. The evidence showed direct payments to them by CIAA President Sam Greenburg, by Larner, and by Vogel.

Several operators told the committee about syndicate efforts to bring them in line. Herman J. Klebba, a coin machine operator for more than 20 years, testified Smith told him to have his employees join local 134.

I told him that is up to the men. If they want to join the union, let them join the union.

Mr. KENNEDY. Did you belong?

Mr. KLEBBA. I belonged to it; yes.

Mr. KENNEDY. Do any of your employees belong?

Mr. KLEBBA. No. (p. 17119).

Klebba stated that CIAA President Greenburg asked the members at an association meeting if they wished to join the union, and the majority wanted to do so. One reason was that it would allegedly allow operators to increase their own profits by giving 10 percent less commission to the location owners.

Mr. KENNEDY. Did you make a number of public protestations against the association and the union?

Mr. KLEBBA. Well, I was against that. I didn't care to pay nothing to them.

Mr. KENNEDY. Did you tell people that?

Mr. KLEBBA. Yes, I told them.

Mr. KENNEDY. Did you have some damage to your machines?

Mr. KLEBBA. Yes.

* * * they would come out to a location—two men * * * cut up all the wires in the back and they gave me a lot of expense on it. That is all.

Mr. KENNEDY. How many machines?

Mr. KLEBBA. They cut in about eight so far as I know (p. 17121).

Klebba affirmed he had never before had trouble and he believed it was due to pressure by Waterfall and others to get him to pay dues on his 125 machines, since he had been paying on only 30.

Leo Romaszkiwicz, another operator, testified he had always objected to CIAA and its connection with local 134:

Mr. KENNEDY. You were outspoken of its connection with local 134? You were one of those who led the fight?

Mr. ROMASZKIEWICZ. Objected to it from its beginning.

Mr. KENNEDY. Did you have damage to your machines?

Mr. ROMASZKIEWICZ. Yes, sir.

* * * Two had acid thrown on them and one was cut up with shears or something.

* * * Mr. KENNEDY. You were paying \$120 per quarter at the time these [machines] were cut up?

Mr. ROMASZKIEWICZ. Yes, sir.

The CHAIRMAN. Why did they do it if you were paying? Were you in good standing?

Mr. ROMASZKIEWICZ. Well, that I don't know, Senator. I can't answer that other than maybe it was because I was voicing my opinion too much or something.

The CHAIRMAN. In other words, you were opposing it?

Mr. ROMASZKIEWICZ. Yes (pp. 17131-17132).

One machine was in a tavern owned by Mr. and Mrs. John Holup. Holup affirmed that one of the men who destroyed the machine had entered his tavern a couple of months earlier, and had given to him a card reading, "Chicago Independent Amusement Association, 188 West Randolph Street, Chicago 1, Ill., affiliate of IBEW Local No. 134." Subsequently, Holup identified the man as Alex Ross.

Waterfall disappeared when it was known that CIAA was being investigated. He took with him the books and records of the association, and remained in hiding for more than 9 months before he could be located and a subpoena served on him. Before the committee he invoked the fifth amendment, Nonetheless, we were able to establish conclusively that he was Hyman Lerner, longtime tool and employee in "Dutch" Vogel's racketeering activities.

For each of the 8 years prior to his committee appearance, Lerner had reported an average income of only \$8,700. He refused to ex-

plain how this allowed him to maintain a luxurious home in Miami valued well over \$55,000; a luxurious apartment on Lake Shore Drive in Chicago; a yacht; a new Cadillac and several other cars; and further, to claim a net worth of over \$100,000.

Vogel, Larner's mobster boss, also hid behind the fifth amendment. His sordid history of criminality went back to his position as Capone lieutenant supervising South Side slot machine operations. Unlike many ex-Capone gang henchmen, he remained in the good graces of each succeeding wave of reigning mobsters, to obtain his present eminence as syndicate overlord of Chicago area coin machine operations. In the process he became owner of Cook County's largest routes of cigarette machines, jukeboxes, and similar devices. From at least the early 1940's, his companies' operating territories were completely immune from competition. Vogel also deals in illegal gambling equipment, through the operation of Skilled Games Rental, Inc. As with all his activities, his ownership and direction are concealed by "front men." Thus, Vogel continues to prey on society without risking the penalties suffered by puppets Ross and Rini; or a prosecution for tax evasion the committee believes has been invited by Larner.

5. *Syndicate invasion of coin machine operations outside of Chicago*

Around Chicago the committee discovered a fifth situation illuminating the threat of the organized underworld. It resulted from the ambition of Sam "Mooney" Giancana, fast-rising syndicate killer, to control jukebox, game machine, and cigarette vending operations in the increasingly populous suburbs surrounding Chicago. These towns are located in Page, McHenry, Lake, and Kane Counties; and in each a Giancana underling has gone into the coin machine business. The effect on legitimate operators has been pitiable.

Giancana was characterized by Mr. Kennedy:

* * * probably he and Accardo are Public Enemy No. 1 in and around the Chicago area.

Giancana is the chief gunman for the group that succeeded the Capone mob, one of the younger men that has come along * * * he probably has greater control in the underworld syndicate in Chicago than any other figure, with the possible exception of Tony Accardo (p. 17042).

Robert Lindeloff, a jukebox operator for many years, and president of the Music Operators of Northern Illinois (MONI), admitted that for at least the last 3 years his membership was having trouble because the syndicate was moving into the areas in which they conducted their business. He conceded that the members were losing locations to "Black Joe" Amato in McHenry County; to Joe "Crackers" Mendino in Lake County; to Tony Perotti in Du Page County; and to Eddie Vogel in Cook County areas bordering Chicago.

On behalf of his members, Lindeloff arranged with "Jukebox" Smith to protect MONI locations against the underworld invasion. Quarterly payments for this protection were to be remitted as dues to Dale's Commercial Phonograph Survey Co. Over \$2,000 was given to Smith as an initial payment. Several weeks later Smith returned the money because, as Lindeloff testified in 1956:

The reason it was returned was that all at once McHenry County, where some of our members operate there, there was

a branch of the syndicate that operates there. They had never been in the jukebox business up to this time, and they decided to go in the jukebox business and take over everything. In other words, they didn't want us to have anything (p. 17017).

The jukeboxes used in the different counties to replace those of legitimate operators were purchased from Glimco's AMI distributorship. Among Glimco's recorded hoodlum accounts were the Amatos, Willie "Potatoes" Daddano, Frank Zito, and Anthony Erice. (Since the commencement of this investigation, AMI, Inc., disenfranchised Glimco's company and took from him any interests in the sale or distribution of that manufacturer's jukeboxes.)

In Kane County, the syndicate did not bother to even set up its own companies to drive out legitimate operators; it merely "cut in" on a going operation, with Giancana underlings appearing suddenly as partners in game machine companies. The committee heard evidence of two such syndicate attempts, only one of which was successful.

Rocco Pranno, whose criminal record showed five arrests and three convictions, coerced Ralph Kelly, a longtime game machine operator in Elgin, Ill., into taking Pranno as a partner. The partnership agreement appears an obvious afterthought to give an aura of legitimacy to the arrangement. Thereafter operating expenses, which had been averaging 29 percent of gross profits, shot up to over 75 percent of gross profits. Four employees were added to the payroll, but the committee could find evidence of work by only one. Although the company increased by purchase the number of machines it had on location, its gross revenues showed no increase on the company's books. The committee believes that some collections were not recorded.

When questioned, both Kelly and Pranno invoked the fifth amendment. Kelly appeared so fearful of Pranno that Senator Ervin observed:

It certainly is a tragic state to see a man who comes in the shadow of the Capitol of his country who cringes in fear because he is afraid of a man who comes and demands that he share his property with him. * * * (p. 16995).

In strong contrast to pitiful Ralph Kelly was Bernard Poss, of Aurora, Ill. He had been in the jukebox business in that area since 1947. He testified that Rocco Pranno had paid several calls on him before Labor Day, 1956:

Mr. Poss. * * * he said that the boss wanted to see me, that they had taken in all of the other operators in our area and I was the only one left.

* * * * *

I was tired of his visits. * * * I asked him where his boss was, and he said he had an office over in Du Page County. * * *

* * * I got in his car, and he drove to what is known as the Lilac Lodge.

* * * * *

While I am talking to him, three men came up to the car and I opened the car to get out, and the man in the middle said, "Never mind; stay in there."

And they proceeded to get into the back seat * * *

The man in the middle said, "Drive."

With that Rocky Pranno started to drive * * * he said, "Poss, how long have you been in the business?" and I told him.

* * * * *

Then he asked me how many machines I had, and I told him. He said, "We are going to be your partner." He said, "We are going to make you a lot of money." He said, "We will run books and slot machines and everything."

I said, "I never ran a book," and he said, "We'll teach you."

I said, "Well, I am getting too old for that now."

And I sensed that the two men alongside of him looked like bodyguards, and with this driver and him I thought the odds were kind of bad.

So I agreed to whatever he said, they are going to be my partner.

Mr. KENNEDY. Was there any talk about paying you for half of your business?

Mr. Poss. I asked about that, and they told me they would pay me out of the machines, out of my machines.

* * * * *

He said that Rocky and some men would be out to my place the next day and go with my men that I employed on the routes, to go along and help count the money.

Mr. KENNEDY. Why did you agree to bring them in as partners?

Mr. Poss. These roads that I was being rode over I had at various times saw the paper that bodies were hung over fences in those areas as I thought it would be better than having that happen.

Mr. KENNEDY. You figured if you didn't, you would have been killed?

Mr. Poss. I did.

Mr. KENNEDY. They took you back into town then?

Mr. Poss. Not just then, because I was thinking of an excuse. So I said to him, and I remember this was on a Thursday preceding Labor Day, so I said to him, "Now, tomorrow, I have an appointment to take my family to the lake over the weekend, and I wonder if you couldn't put this off until Tuesday."

He granted me that, and with that we went back and Pranno took me back to my car, and when I got out of his car, I told him, "Now, whatever I said today is out, because I was under duress, and under those conditions whatever I said today is out the window. Any agreement that I agreed to today is null and void."

Mr. KENNEDY. What did he say?

Mr. Poss. He said, "The boss wouldn't like this." Then he warned me about going to officials.

Mr. KENNEDY. What did he say about that?

Mr. Poss. He told me it wouldn't be healthy (pp. 16969-16970).

Although not positive, Poss believed the man who was introduced to him as "The Boss," was Giancana.

Poss told his county sheriff what occurred. He told Pranno that his (Poss') partner would not go along with the idea of taking anybody else in and so the deal was out. Then:

"I didn't hear any more until 1957, in the spring * * * but I began to get telephone calls, warning me to get out of the business. They would give me a number I could call where I could contact somebody to sell out, that I should get out of the business.

One telephone call said, "Now, I am telling you for your own good," he says, "we will take you out and beat you up with a ball bat and break your legs and, if you live, you will be crippled for life."

I didn't pay any attention as far as they were concerned, I continued to run my business, and then one night I got a telephone call that two men had entered one of my locations, one with an ax and one with a gun. I wasn't there, but on checking, the man with the gun said, "Everybody stay where you are and you won't get hurt."

He nodded to the other man to go do his duty.

He went with an ax and he chopped up the pinball machine and he chopped up the pool table. When he chopped up the pool table, the man said, "Hey, that is my machine." It belonged to the location. They had bought their own pool machine.

He said, "Well, you are not supposed to have that anyway." He chopped it up anyway.

Then a little later I got another telephone call from another location. They had done the same thing. They had chopped up a shuffle alley and a pin game.

A little while later I got a call from another one. They chopped up another one.

Well, with that I pulled down my equipment and went out of that business, just pulled them into the office. We didn't sell out or let anybody else have them. We just pulled them in. I turned around and sold the machines.

Mr. KENNEDY. How many of them were there?

Mr. Poss. Approximately 28 or 29 (pp. 16971, 16972).

* * * * *

Senator CAPEHART. But your chief problem came from various persons attempting to muscle into your business?

Mr. Poss. That is right, coming in to take the business by force without giving you any money for it * * * If I hadn't taken a chance at getting myself killed, I probably would have weakened and gave them my business, which I supposed others have. But I decided that I worked hard for it and I wasn't going to give it up if it cost my life (pp. 16976, 16977).

V. JUKEBOX AND COIN-MACHINE OPERATIONS IN LAKE COUNTY, IND.

As an outgrowth of the committee inquiries into hoodlum-labor activities in Chicago, Ill., attention was drawn to neighboring Gary, Ind., and specifically to possible corruption of public officials there affecting labor activities. Gary is the largest city in Lake County, Ind. It was alleged that a struggling little union found it impossible to function when faced with a coalition of corrupt public officials and well-financed hoodlums.

John Testo, union organizer of Gary, Ind., testified that since February of 1951 he had spearheaded a move to organize the coin operators, service, and repair men of Lake County, Ind., and to expand the local to a national union and to ultimately join the AFL-CIO as an international union. His efforts were moderately successful until syndicate-supported, illegal pinball machines were introduced in competition with union jukeboxes and other coin-operated equipment.

Beginning in 1953 and with the first term of Metro Holovachka as public prosecutor, the illegal-type pinball machines began to appear and to grow and prosper in Lake County, Ind. In East Chicago, Ind., pinball operators joined the union but the syndicate operation in the remainder of the county refused to be organized. This placed a significant number of repairmen and operators beyond the influence or control of the union.

In 1953 the Century Distributing Co. was organized as part of the syndicate operation. This jukebox company was sponsored and controlled by Chicago hoodlums. In 1956 they were joined by Rocco Schiralli, the deputy controller of the city of Gary.

When Testo attempted to organize this company Rocco Schiralli referred him to Joey Glimco, notorious Chicago hoodlum and labor racketeer. Glimco doubletalked Testo into suspending his drive to organize Century Distributing Co.

Mr. Testo stated that the union members, music machines (jukeboxes) could not compete with the illegal pinball machines operated by the syndicate. When the jukebox operators began to lose money they placed their own pinball machines on location. Immediately the union and association members began to have trouble, and Testo investigated to ascertain the reason these illegal pinballs could not be operated by the union members. At one location he found a tavern owner who was happy with the equipment and service of the union member. But he insisted that the machines be removed. He gave as the reason that the authorities would find some reason to revoke or suspend his liquor license if he insisted on keeping the machine of the independent.

Testo learned that the tavern owner had been ordered by Walter Conroy, chief investigator for the Lake County prosecutor to have the machines removed. Testo left his card with the proprietor and requested that Conroy get in touch with him. Within the next 36 hours two detectives served Testo with a subpoena at his home to appear before the grand jury.

Testo employed counsel and explained the situation to him. The attorney advised Metro Holovachka by phone that he was using his office to further his own ambitions and not to protect the citizens. Testo was not required to appear before the grand jury. However,

the attorney was advised by Holovachka to "tell John (Testo) to behave himself."

On another occasion in 1954, while Mr. Testo was in the office of a justice of the peace, he met Metro Holovachka. Testo protested to Holovachka that the syndicate repairmen were not members of the union. Three or four days later Testo received a letter to bring the union books to Holovachka's office. When he produced the books he was told by Holovachka to behave himself. "I say, listen, the other people is organized. Why not these people can be organized?" and he told me, he said, "Well, listen, I am going to get something on you. I am going to put you in jail some of these days" (p. 18436).

The CHAIRMAN. I am trying to get it clear. You went to the law enforcement officer, the prosecuting attorney, to get information and to try to protect your own interests; when you asked him about it, though, he told you to mind your own business or he would put you in jail?

Mr. TESTO. That is right.

The CHAIRMAN. He wouldn't tell you whether they were legal or illegal?

Mr. TESTO. No (p. 18448).

Testo stated that he had received complaints from the union operators that members of the Gary Police Department were using their badge to force tavern and restaurant owners to accept certain pinball machines.

When conditions for union members in Gary and Lake County seemed hopeless Testo made several trips to Indianapolis to see the Governor. No action was taken by the Governor and the union was driven out of business. It was developed later that State officials lacked legal authority to supersede Holovachka.

In 1957 the Lake County pinball syndicate set up a jukebox company. Testo testified he had been told by operators that they were losing jukebox locations to the syndicate. The syndicate was paying as high as \$2,000 to have the union members' jukebox removed.

The testimony of the union official and Organizer Testo was followed by testimony of operators and location owners. They related their experiences with law-enforcement people and syndicate operators.

Frank Witecki, independent jukebox operator and union member since 1947, testified to the effect the illegal and syndicated pinball operation had on the jukebox business of the independents. Mr. Witecki stated that both owners and repairmen were members of the independent union. Some owners were accepted into the union since many of them did their own repair and service work.

Beginning in 1955, Lake County, Ind., was flooded with illegal gambling-type pinball machines. These machines are syndicate owned and operated. When a pinball was installed the play of the music boxes substantially reduced. In cases where space is at a premium at a restaurant or tavern the jukebox usually gave way to the pinball machine. As a means of survival the independents turned to the illegal pinballs.

Mr. KENNEDY. In order to try to compete with this outside group, you started to distribute this gambling-type equipment?

Mr. WITECKI. Yes, sir. It came to the point where you either start dealing in the equipment yourself or you were slowly going out of business.

Mr. KENNEDY. Then did you find that the representatives of the public prosecutor's office came around and raided locations where your equipment was?

Mr. WITECKI. They came out and started to remove equipment, being that it was gambling equipment, and if it was removed in a few days it was replaced by a syndicate machine (pp. 18455-18456).

In 1955 it became obvious to the independent operators that the public prosecutor, Metro Holovachka, was favoring the syndicate pinballs over the independents. Mr. Witecki joined a group that protested to Gov. George N. Craig at Indianapolis.

The CHAIRMAN. Who adopted the resolution? You say it is a resolution from whom?

Mr. WITECKI. Actually being that the operators that service their own machines are members of the union, it was basically a union with those operators that passed that resolution.

Mr. KENNEDY (reading):

* * * *Resolved*, That inasmuch as our appeals to our local law-enforcement agencies have been to no avail, we do now appeal to you, the Governor of the State of Indiana, to take steps to end this flouting of the laws of our State, and to eradicate this growth of monopoly in the coin-operated devices now existing in Lake County and to again allow our respected businessman and workingman to resume their rightful employment (pp. 18458-18459).

Mr. Witecki testified that this protest to the Governor accomplished nothing. Since that time the syndicate expanded greatly. Under this setup there is no future for the independents. The union has ceased to function.

The owners and operators of the countywide pinball and jukebox syndicate were identified as Steven Sohacki and George Welbourn. Collections from their syndicate pinball and jukebox operations for years 1954 through 1958 were over \$12,700,000.

In the year 1955 each reported income of \$424,000. Prior to incorporation in the summer of 1956 each reported income of \$259,000, for the first 6 months. After incorporation large realty investments were made. Included among these was a U.S. Post Office Building in Hammond, Ind. On December 31, 1958, the total value of real property held by the Welbourn-Sohacki combine was over \$588,000.

During 1957 and 1958, they traded in more than 52,000 shares of stock for a total of \$423,000. On December 31, 1958, they had securities on hand amounting to \$145,000. Committee Investigator LaVern J. Duffy testified as follows:

Mr. KENNEDY. So all in all it was an extremely profitable and going venture?

Mr. DUFFY. Yes, it certainly was and is.

The CHAIRMAN. Are these the folks that were able, according to the testimony here, to put the independent operators out of business or the independent union crowd?

Mr. DUFFY. This is the group that was able to run the independent union operator out of business and was able to take over the area and now has a monopoly (p. 18466).

Mrs. Margaret Hagler, operator of a restaurant at Westville, in La Porte County, Ind., related how police force and political pressure of the Lake County prosecutor's office was used to force independent pinball machines out of her restaurant, and how syndicate machines were moved in to replace them. Her refusal to be dictated to, her reluctance to accept syndicate-owned coin-operated equipment; and her willingness to cooperate with the committee led to constant harassment by the county authorities and ultimate loss of her business. Mrs. Hagler's difficulties commenced when she relocated her restaurant in June 1958. She moved it from Porter to Lake County and she promptly ran afoul of the county prosecutor when she permitted the independent pinball machine operator, Albert Steele of Valparaiso, to move his machines to her new location.

Before Mrs. Hagler took possession of the restaurant in June 1958 she was assured by the Lake County health authorities that her utilities were adequate.

Shortly after the restaurant commenced operation, she was visited by Walter Conroy, chief investigator for the county prosecutor. Conroy played one of the pinball machines and hit for \$1.50. He ordered Mrs. Hagler to have both the machines removed.

Conroy and Albert Steele, operator of the machines, met later on in the week at the restaurant. After a heated conversation with Conroy, Steele agreed promptly to remove his machines, which he did. During the conversation Conroy threatened Steele saying that the county health authorities would not give the final approval to the septic system at the restaurant.

Immediately thereafter a syndicate representative who identified himself as "Randall," later identified as Edward S. Ryder, visited Mrs. Hagler and offered to supply her with pinball machines. Based on the trouble she had with Conroy she refused to accept his machines. But Ryder insisted he would take care of Conroy. When she continued to refuse to accept his machines he said, "Can I put these machines in 'or' I am going to put them in," and as long as we are doing business together, I would rather say "Can I put them in?" (p. 18470).

Shortly before Ryder made his visit Conroy had been in to check whether Steele's machines had been removed. At that time he advised Mrs. Hagler that "We never have any trouble with our Gary pinball machines" (p. 18471).

Based on Ryder's attitude and Conroy's assurance syndicate machines were installed. Six months passed and Conroy did not visit the restaurant until after Mrs. Hagler had been interviewed by this committee staff. When he returned about December 20, 1958, he had a helper and he loaded the syndicate pinballs on a trailer. When Mrs. Hagler protested that he hadn't seen a payoff he remarked as he left with the machines that she had caused him too much trouble. Shortly after this Mrs. Hagler was harassed each evening by a number of juveniles that were strangers to the neighborhood. These youngsters would inquire if she could furnish a girl. Many insisted that she was running a house of prostitution. Some became belligerent when she insisted they were mistaken. During one of these exchanges one of

the youths became overly aggressive and a truckdriver defended Mrs. Hagler against him. Another truckdriver also was involved in this altercation. The drivers were jailed and excessive bond premiums were paid by Mrs. Hagler for their release pending trial. Then the county forces took another approach.

Mrs. HAGLER. Then they kept coming in and saying they were going to arrest me for this and arrest me for that. Then I was scared. I took my little boy to Michigan. So I just, you might say, got up and walked out.

Mr. KENNEDY. You sold?

Mrs. HAGLER. Yes. I never got no money out of it. I sold it. I am supposed to get it, but I never have.

Mr. KENNEDY. You turned it over to somebody else?

Mrs. HAGLER. Yes. She was supposed to give me the money. She said she would get hold of the syndicate and see if they would give the money, but she said they kept giving excuses.

Mr. KENNEDY. Did she have a conversation with Conroy?

Mrs. HAGLER. Yes, after I moved. I moved on the 3d and 4th of January. I gave her the telephone number and said, "If you want pinball machines call this number and they will give them to you." She called, and I was there when she called. They must have told her that they wasn't going to give her no pinball machines, and she said, "Well, Margaret don't own this any more." She said to me, "They want a bill of sale and they want to see the contract and they want to see your name off the building before they give the pinball machines."

I left and I came back the 9th of January and she had pinball machines. I asked about it and she said Conroy had come and talked to her and told her that if I had been there 10 years I wouldn't have gotten pinball machines, that I had caused too much trouble (pp. 18477-18478).

Albert Steele, of Valparaiso, Ind., operator of the pinball machines at Mrs. Hagler's restaurant, testified concerning his contact with Walter Conroy.

Mr. Steele, a carnival operator, places amusement machines at locations owned by his local acquaintances during the winter season. These devices include bowlers, pool tables, and skating rinks. When his competitors commenced installing gambling type pinball machines he was forced into the same type business to protect his locations.

Steele had two pinball machines at Margaret Hagler's restaurant in Porter County, the restaurant known as Maggie's Truck Stop. In June 1958 Mrs. Hagler moved to another location just across the line in Lake County. Steele moved his equipment to the new location. Within two weeks Walter Conroy had notified Mrs. Hagler she could not have Steele's machines. He warned her that if they were not out by the following Friday that he would come in and break them up.

When Steele met Conroy at Mrs. Hagler's restaurant, Conroy placed Steele under arrest. Steele was taken to the county jail at Crown Point, but Conroy declined to place charges against him. Conroy returned Steele to the restaurant. On the trip back Conroy

said he was going to arrest the teenage employee who had paid him off. He also said that Mrs. Hagler would not receive final approval of her restaurant from the county health authorities. Because of these threats Steele removed his two machines.

Mr. KENNEDY. Not only were you having competition from other companies, but what was your reaction to the law enforcement officials behind it? Did you ultimately learn this was a common procedure and practice?

Mr. STEELE. I found out later that anybody who didn't seem to have an OK couldn't do business over there (p. 18482).

While Mrs. Hagler, whose restaurant was located in the southeastern part of the county, was having her problems, a similar situation was developing in the northwestern part of the county. Conroy was policing the entire county to secure the exclusion of the independents for the benefit of the syndicate.

William Plunkett, a resident of Hammond, Ind., testified that he procured two gambling-type pinball machines from a firm in Chicago and placed them in a restaurant operated by Mrs. Harriet Zontos, located at 5530 Calumet Avenue in Hammond. Mrs. Zontos had remodeled her restaurant to accommodate these machines. Plunkett told the committee that shortly after the machines were installed, he received a call from Mrs. Zontos. She told him that someone who identified himself as a law enforcement officer had taken the machines without leaving a receipt.

Mr. KENNEDY. Did you find out who had taken them?

Mr. PLUNKETT. The man who took the machines represented himself as Mr. Walter Conroy.

Mr. KENNEDY. He was from the Lake County public prosecutor's office; is that right?

Mr. PLUNKETT. That is right.

Mr. KENNEDY. Did you contact Mr. Conroy then to find out what had happened to your machines?

Mr. PLUNKETT. I tried on three occasions to contact him by telephone afterward and was unsuccessful.

Mr. KENNEDY. You never got your machines back?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. You never knew what happened to them?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. You never received any order or any notification from any court or from any law-enforcement official?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. Your machines were picked up, confiscated, and you never heard about them; is that right?

Mr. PLUNKETT. That is correct (pp. 18511-18512).

Richard G. Sinclair, a committee investigator, testified that these machines were confiscated a month after they were installed, but that syndicate-owned machines located in a tavern directly across the street were not molested. This tavern, the Golden Gate Inn, had two machines. The machines were operated by the Welbourn-Sohacki syndicate and netted the proprietors \$10,000 annually.

Mr. KENNEDY. And there was no evidence or information that these machines had ever been bothered by the public prosecutor's office?

Mr. SINCLAIR. The owner of the tavern advised me that there had been no complaint made of him about the operation of these machines.

Mr. KENNEDY. In fact, Mr. Sinclair, this is of extreme importance, from an examination of the records at the office of the public prosecutor, and from our own independent investigation, do we find that there never was any confiscation of any machines belonging to the Sohacki-Welbourn group up until the time we began our investigation?

Mr. SINCLAIR. During 5 years of operation there were no confiscations made or shown, reflected on the books of this Sohacki-Welbourn group. The first reflection in the records to the effect that machines had been confiscated was in December 1958, after our investigation had started.

Mr. KENNEDY. But there were all of these raids that were made on the independent group machines?

Mr. SINCLAIR. The raids on the independents date back to 1955; July 30, 1955.

Mr. KENNEDY. So the result is now in the city of Gary and in Hammond, Ind., this is the only group that really operates at the present time?

Mr. SINCLAIR. That is correct.

Mr. KENNEDY. That is because of the fact that the other competition has been put out of business by the public prosecutor's office?

Mr. SINCLAIR. Right (p. 18514).

Herman Goot, a tavern owner and coin machine operator in Hammond, had a similar experience with the county prosecutor's office. Goot was in the arcade equipment and jukebox business prior to June of 1955. He was also a member of the tavern owners' association. In June of 1955 the Indiana State Legislature amended the antigambling statute to permit the installation of free play pinball machines in public places. After the statute was changed, Goot procured over 55 free play pinball machines and placed them on location. Immediately his locations began to be harassed by Walter Conroy. Conroy told the location owners that the machines were illegal because they were paying off on them and that they should get rid of them. Goot advised his location owners to ignore the threats of Conroy and to continue to let the machines run.

About 3 weeks after Goot placed his pinball machines on location, Conroy commenced to raid them. In one day Conroy confiscated four of his machines. When it became apparent that the public prosecutor would not permit him to operate, Goot and his partner sold out to the Hammond Sales Co.

Shortly thereafter, Hammond Sales replaced the machines at the locations where Conroy had removed them. The Welbourn-Sohacki syndicate operators continued to operate as the Hammond Sales Co. until shut down by the public prosecutor about 5 days before this committee hearing began.

Goot related to the committee another experience he had with the public prosecutor, Metro Holovachka, during the political campaign in 1958. A Holovachka investigator, Mike Kampo, sent a 5-foot 11-inch, 215-pound juvenile to buy six cans of beer in Goot's establishment. When Goot sold him the beer, he was promptly arrested for the sale of beer to a minor. He was subsequently convicted and cited by the ABC board. Goot understood that the reason Holovachka arranged this incident was that he felt Goot was not supporting the right candidates in the election for public prosecutor.

Three tavern owners and users of Goot's pinball machines testified to the high-handed and dictatorial approach of Walter Conroy. All agreed that Conroy had not received a payoff as a player on the machines and that he had failed to produce a writ or receipt when he removed the machines from their taverns. The first of these, Mrs. Pauline Kotlarz testified that she was visited twice by Conroy, and each time she was given instructions to remove Goot's pinball machine. When she failed to do this, Conroy removed the machine. Mrs. Kotlarz said that when Conroy removed the machines he was accompanied by Justice of the Peace Peter Chronowski. These machines were later replaced by machines from the Welbourn-Sohacki syndicate.

Conroy and Chronowski used a van owned by the Ferree Moving & Storage Co. of Hammond. Records of that company show that the truck was engaged by Peter Chronowski. The driver of the truck recalled that pinball machines were picked up at four locations, on July 30, 1955.

Another tavern owner, Nicholas Smaluk, testified that Conroy had warned him to get rid of Goot's machines. Following Conroy's visit a stranger approached Smaluk with the proposition of furnishing machines that would not cause him any trouble. Smaluk insisted on retaining Goot's equipment, and the next day he received another warning from Conroy. On July 30, 1955, Conroy confiscated Goot's machines. No writ was served, and no receipt was furnished.

Conroy and Chronowski also raided the pinballs at the tavern of Charles Graven. Graven had the same experience, except that when he resisted the removal of Goot's equipment, Conroy arrested him. Conroy took Graven away in his car, but about three blocks from the tavern Conroy released him, apparently to raid a tavern owned by Edward Matuska.

Matuska, the operator of a tavern at 119th Street and Calumet Avenue in Hammond, had pinball machines in his place of business. Initially these machines were owned by Matt Pohl, an independent operator in Hammond. After Conroy had warned Matuska about the machines, Pohl removed them, and the syndicate replaced Pohl's equipment with its own. Conroy raided this location without knowledge of the switch and picked up the syndicate machines. The syndicate equipment was promptly replaced.

All of these locations have had syndicate machines in operation since the confiscation of Goot's and the forced removal of Pohl's equipment. These tavern owners have had no further problems in the operation of pinballs.

When Steven D. Sohacki and George Welbourn, coowners of the pinball monopoly, appeared before the committee, they took refuge

behind the fifth amendment on all questions. Their operation included all of Lake County except for East Chicago.

Mr. KENNEDY. Mr. Chairman, we have called these two individuals, Mr. Sohacki and Mr. Welbourn because of the operations that we have developed during the hearings of the last couple of days in connection with their operations of pinballs in the Gary and Lake County area.

We have developed the first day that this operation that was introduced into Gary, Ind., in about 1953 and 1954, brought about the ultimate dissolution of the local union that was operating in the coin-machine field, local No. 1 of Mr. John Testo. We would like to ask Mr. Sohacki and Mr. Welbourn how it came about that they did not make any arrangement or have any contract with local No. 1 of Mr. John Testo's union.

I would like to address that question to Mr. Sohacki. Could you tell us what it was or whether you had any conversations originally with Mr. John Testo in connection with signing up with his union?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me (p. 18540).

It was established by committee Investigator LaVern J. Duffy that Sohacki, in connection with his slot-machine operations in 1949 and 1950 was making payments to a former county prosecutor, Ben Swartz, apparently to allow his machines to operate in the outside area of Gary. The Sohacki-Welbourn syndicate practically flooded the county with illegal pinball machines in 1953, shortly after Metro Holovachka took over as county prosecutor.

Mr. KENNEDY. Mr. Sohacki, are you making payments to Mr. Metro Holovachka for the operation of your pinballs in the Lake County area?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn, are you making payments to Mr. Metro Holovachka for the operation of the pinballs in the Lake County area?

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me (p. 18542).

Metro Holovachka's salary as prosecutor for Lake County, Ind., was \$12,000 per annum, and large sums of cash in circulation, \$10 and \$20 bills, were used in various financial transactions consummated by him. Among the transactions were the payments for the construction of a home along the shore of Lake Michigan by Holovachka in 1955.

Mr. KENNEDY. On summary, that is about \$41,000 in a period of about 12 months; is that right? And another \$1,500 or so in December of 1956?

Mr. SINCLAIR. In December 1956, \$1,718 was paid in cash.

Mr. KENNEDY. So it is about \$41,000 in cash in small bills. \$10's and \$20's for the work done on his home over a period of approximately a year, and then added to that there is an-

other sum \$1,700 which brings the total to about \$43,000 cash.

Mr. SINCLAIR. That is right.

Mr. KENNEDY. That, of course, is not the complete story by any means, as far as the cash payments of Mr. Holovachka during the period of time that he was public prosecutor, but we will be going into that at a later time.

Mr. SINCLAIR. Yes, sir.

* * * * *

Mr. KENNEDY. We have requested, have we not, of Mr. Holovachka, an explanation as to where these sums of cash came from?

Mr. SINCLAIR. Mr. Holovachka has consistently refused to furnish us the source of this cash.

Mr. KENNEDY. Did any of that money come from you, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn, did any of that money come from you?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Would you relate to the committee how you were able to get a monopoly over the pinball machines in the Lake County area, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me (pp. 18545, 18546).

The syndicate of Welbourn and Sohacki was using a two-way radio system to dispatch its repair and service men to pinball locations. John C. Doerfer, Chairman of the Federal Communications Commission, testified on the licensing of a radio station to the pinball syndicate of Sohacki and Welbourn.

Mr. KENNEDY. Mr. Doerfer, there has been a license granted, has there not, for the operation of a radio station in Gary, Ind., by Mr. Welbourn and Mr. Sohacki?

Mr. DOERFER. I have a certificate indicating that a license to operate in the citizens radio station band was issued to the Indiana Supply Co., at the behest of an application signed by Steven S. Sohacki, which license was issued November 16, 1955, and which license will expire November 16, 1960.

Mr. KENNEDY. What was the purpose of the license?

Mr. DOERFER. It does not indicate the purpose of the license.

* * * * *

Mr. DOERFER. In this category, as well as other categories, we keep a record of who operates. Anyone who is inclined to use it for an unlawful purpose does not get a license to operate.

Senator MUNDT. You do not have the power to reject?

Mr. DOERFER. Yes; we do. We have the power to revoke, but insofar as an illegal use is concerned, the only thing that we could do there is to detect it and then to turn it over to

the proper authorities, generally the Department of Justice, or it could be local State authorities.

* * * * *

Mr. KENNEDY. Would you also consider the fact that the license and the station were being used to promote activities which were in violation of State law, for instance, gambling activities? Would that also be a factor?

Mr. DOERFER. That would be a ground for revocation; yes.

Mr. KENNEDY. Have you made an investigation of this situation in Gary, Ind., in cooperation with the staff of this committee?

Mr. DOERFER. Yes; we have. At the instigation of this committee, or member of its staff, we were alerted in February, and since that time have cooperated with the staff, as I understand it.

Mr. KENNEDY. That is correct.

Did a representative of your office go in to try to interview those who were operating the station, to try to get some information in connection with it?

Mr. DOERFER. Yes; I have that information.

Mr. KENNEDY. Would you relate what happened when your representative went there?

Mr. DOERFER. The report indicates that a Mr. Ernest Galins, an assistant engineer in charge of the Chicago district office, attempted an inspection of Citizens radio station 18-A-1447, operated by the Indiana Supply Co., also known as the Star Supply Co., at 4095 Madison Avenue, Gary, Ind., on June 3, 1959.

The station is located in a private home and is associated with an answering service. Mr. Galins attempted to gain admission and succeeded only after some little difficulty. A woman who later identified herself as Stella Murphy let him in.

It was apparent that Stella Murphy was the operator. In answer to questions, she stated that she does not know who she is working for. She later gave the name of her supervisor as Mr. Randall, but no initials, no address or telephone number. She stated that she does not know the identity of whom she calls on the radio, and she does not know how many mobile units they have in the system.

May I interpolate they have licenses for 29 mobile units.

All those messages—excuse me. They have licenses for 30, but I understand they operate 29.

All those messages of a coded variety are transmitted. She does not have a copy of a code sheet from which an interpretation of the code words used could be ascertained. She said she threw away her copy. She gets her messages over the telephone and repeats them on the radio.

Again, she has indicated she has no knowledge of the identity of her contacts; no logs are kept. However, for this class of station none is required.

* * * * *

To resume, the transmitter is a Citizens radio RCA model, CSUB, having type B approval, No. CR-420; associated with the calling service is a garage on Highway 6 in the western part of Gary. It was locked. Five mobile units were parked out there. The license numbers have been obtained, but not traced as yet. The cars also appeared to operate in the 460-megacycle band.

Our inspector pounded on the door. A man stuck his head out of another opening. When he went to that opening and knocked, he got no answer. The above is a result of a conversation between Mr. Ernest Galins and Frank M. Kaartoki, an assistant chief of the field engineering and monitoring crew, at 10:40 a.m., June 3, 1959.

Senator MUNDT. At least, it would seem, Mr. Chairman, that these particular operators have equal contempt for the FCC and the Senate Investigating Committee (pp. 18549-18552).

* * * * *

Mr. KENNEDY. As I understand it, then steps are going to be taken in connection with the station in Gary, Ind., immediately.

Mr. DOERFER. Yes (p. 18554).

Walter J. Gogola, Jr., and Edward S. Ryder, employees of the syndicate, were associated with the operation of the radio station. They also supervised the maintenance, repair, and collections from the Welbourn-Sohacki pinball machines. Both took refuge behind the fifth amendment on all questions posed. Ryder was identified by Mrs. Hagler as the man who had identified himself to her as Randall. Similarly, Harold Anderson, operator of the Welbourn-Sohacki jukebox and arcade equipment racket, took the fifth amendment on all questions.

Cornelius Verplank, Jr., chairman of the Gary Crime Commission, testified that every effort had been made by the commission at the local and county level to eliminate syndicated gambling, prostitution, and related vices. He testified that when this failed appeals were made to Governors Schricker and Craig, but nothing was done.

The testimony of Michael Kampo, Jr., an investigator for the county prosecutor since 1953, demonstrates the degree of control the prosecutor has over his investigators. Mr. Kampo testified that he had never before heard of George Welbourn or Steven Sohacki. He stated further that he had never arrested a pinball operator. Kampo stated that he did not know John Formusa, who is reputed to be the czar of prostitution for Lake County. Kampo testified that his place of business in Hammond, a furniture store, had for many years been located next door to a notorious gambling establishment, but that he had never made an arrest there or discussed its operation with the county prosecutor, Metro Holovachka. Kampo claimed that he lacked authority to conduct investigations and make arrests on his own. He contended that he could not act without specific instructions from Mr. Holovachka.

Senator MUNDT. But you don't have the authority to go snooping around on your own and report back?

Mr. KAMPO. Absolutely right, by law; it is the Burns' Statutes (p. 18574).

The degree of control that Metro Holovachka exercised over his Chief Investigator Walter Conroy is demonstrated by Conroy's testimony.

Mr. KENNEDY. Now, Mr. Conroy, we have had some testimony here over the period of the last 3 or 4 days in connection with the operations of the bingo-type pinball machines, and the effect that it had on local No. 1, the local of Mr. John Testo, in Gary, Ind. Mr. Testo testified the first day and stated to the committee that ultimately, because the pressure that was brought on him, they drove him out of business.

We have had the testimony of various witnesses regarding the fact that you made certain raids on locations that were owned by independent operators, while you failed to do so in connection with the locations where the machines of Mr. Welbourn and Mr. Sohacki were located.

I would like to ask you what procedures you followed as far as making raids or picking up machines were concerned? Do you make that determination yourself, as to where you should go and raid?

Mr. CONROY. No, sir.

Mr. KENNEDY. Now, for instance, we have had the testimony in connection with Mrs. Hagler, and she testified that you came out there in connection with her machines. Why did you happen to go to Mrs. Hagler's place of business?

Mr. CONROY. I worked under the direction of the prosecuting attorney, Mr. Holovachka. He told me to go to this particular address, and that they had a complaint there was a gambling machine there, particularly a pinball that was paying off, and to notify them to get the machine out and if they didn't get them out in a certain length of time, and I think it was 48 hours, that they would be confiscated.

Mr. KENNEDY. Now, Mrs. Hagler testified that the machine ultimately was removed based on the pressure that was brought by you, but it was immediately replaced by a machine which was owned by Mr. Sohacki and Mr. Welbourn.

Why didn't you move in then and confiscate that machine, of the Sohacki-Welbourn group?

Mr. CONROY. I wouldn't know if there was no order from the office.

Mr. KENNEDY. You mean you would never move in and confiscate any machines unless you were told to do so by Mr. Holovachka?

Mr. CONROY. That is right (p. 18587).

Conroy acknowledged that many similar machines were operating in the county but that no independent action was taken by him to investigate them. He contended that he did not feel it was necessary to report their existence to Holovachka.

The CHAIRMAN. Unless you had a complaint, and the only complaint you recognized was one when the prosecutor told you to go out and do something about it?

Mr. CONROY. Yes.

The CHAIRMAN. That is the only source of complaint that you recognized?

Mr. CONROY. No, in the event I would see a violation, I would make an arrest, but I didn't get a chance to see any (p. 18588).

A committee investigator had testified that according to the syndicate books no syndicate pinball machines were confiscated until after the investigation began in December 1958. Conroy admitted picking up machines at the direction of Metro Holovachka without witnessing a payoff or without a writ.

Mr. KENNEDY. Did you ever see a payoff being made in Mr. Smaluk's place?

Mr. CONROY. I don't know where is Mr. Smaluk's place.

Mr. KENNEDY. In Roby's Tavern?

Mr. CONROY. It was hooked up in Roby's Tavern.

Mr. KENNEDY. Did you see a payoff?

Mr. CONROY. No, sir.

Mr. KENNEDY. Why did you pick up that machine?

Mr. CONROY. I was ordered to do so by the office.

Mr. KENNEDY. Did you have some kind of a writ?

Mr. CONROY. No, sir (p. 18593).

Conroy admitted to loose control over the confiscated machines and testified that he had 11 or 12 in his home.

Mr. CONROY. * * * I could have taken them from there and brought them over to my home.

Mr. KENNEDY. Did you?

Mr. CONROY. I don't recall on that whether I did or didn't.

Mr. KENNEDY. Have you any machines in your home?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. How many machines?

Mr. CONROY. I think 11 or 12 (p. 18594).

Conroy denied the testimony of two tavern owners that he had told them they had the "wrong" kind of machines. No charges were placed against the owners of the taverns or the machines.

Mr. KENNEDY. You didn't witness payoffs at all these places, as I understand, Mr. Conroy?

Mr. CONROY. No, not in all places.

Mr. KENNEDY. You were just told by Mr. Holovachka that he had had a complaint?

Mr. CONROY. That is right.

Mr. KENNEDY. Was it ever adjudicated as to whether there were actually payoffs made?

Mr. CONROY. In some cases; yes.

Mr. KENNEDY. Did you—

Mr. CONROY. Adjudicated? Do you mean taken to court?

Mr. KENNEDY. Yes.

Mr. CONROY. No, sir.

Mr. KENNEDY. There never was?

Mr. CONROY. No, sir.

Mr. KENNEDY. The people lost their machines just on your say—so that there was gambling. Don't they have a right to go to a court?

Mr. CONROY. They go to the prosecuting attorney (pp. 18595-18596).

Conroy met with little resistance in the confiscation of machines. Albert Steele, a Valparaiso pinball operator, had testified that Conroy arrested him and took him to Crown Point but did not book him. Conroy had also arrested a tavern owner, Charles Graven, and had taken him out of his tavern, but after going about three city blocks he let Graven out of his car, and no charges were placed. Conroy described his effectiveness in "law enforcement" in the following terms:

Senator MUNDT. Did anybody ever refuse to let you take the machine out, and you have to have a process of law to get them, and did anybody stop you from taking a machine?

Mr. CONROY. No; I am a pretty bad guy to try to stop and I have had a lot of arguments, and I have been a policeman for 15 years, and I have a good reputation as a policeman.

Senator MUNDT. You are like the Royal Canadian Mounties, you always get your machine; is that right?

Mr. CONROY. Or anything else I went after (p. 18597).

Conroy related how he had confiscated at least 3 dozen machines and had destroyed all but 11 or 12:

Mr. KENNEDY. There is nothing in the statute that gives you the right to destroy the machines.

Mr. CONROY. I don't know anything about that; I don't know law.

Mr. KENNEDY. I will show you.

Mr. CONROY. It won't do any good, because I still won't understand it.

Mr. KENNEDY. It is section 1023-28, and it talks about when you can confiscate a machine, and it says:

"Whoever shall violate any of the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction therefore shall be fined in any sum not less than \$25, nor more than \$500, to which may be added imprisonment for a period not exceeding 6 months. Upon the conviction of any offender for a violation of this act, the court shall order the sheriff to seize any slot machine or gambling device prohibited by the act."

This is after conviction; and were these people convicted?

Mr. CONROY. Not any that I picked up.

Mr. KENNEDY. You were very apt to be sued for 30 machines, for \$750 apiece, and that is about \$25,000 (p. 18598).

Conroy testified that he had interviewed John Formusa on two occasions, once on the street and again near his home. He maintained that he could not tie Formusa to the ownership of the M. & J. Motel, a notorious house of prostitution located just outside the city limits of Gary in Lake County. When Conroy was queried as to the phone calls Formusa had made to him on his private number, he explained

that Formusa might have been calling to deny ownership of the M. & J. Motel.

When Metro Holovachka, public prosecutor of Lake County, assumed the witness stand, Committee Counsel Kennedy summarized the testimony of earlier witnesses:

Mr. KENNEDY. Mr. Holovachka, we have had some testimony here in connection with, first, the operations of local No. 1, Mr. John Testo, and the difficulties that he encountered in 1953, 1954, and 1955, and later, which ultimately led to the extinction of the union, local No. 1, I believe in 1957.

* * * * *

The testimony that we have had is that there was a concerted effort made to drive some of the independent pinball operators out of business; that his was made on behalf of an operation which was run by Mr. Sohacki and Mr. Welbourn; and that they, in turn, made some gigantic profits during that period of time, due to the fact that they were able to get a monopoly.

* * * * *

And we have had testimony that they have been able to get a monopoly control of the pinball operation in Lake County, except for a couple of communities, and that they have been helped or assisted in this by representatives of your office, namely Mr. Conroy. We have also had testimony before the committee that you spent, in connection with the erection of your home in 1954-55, some \$43,000 in cash.

I would like to ask you in connection with our investigation where this cash came from, what the source of the cash was which was in the form of \$10 and \$20 bills.

Would you give that information to the committee, please (pp. 18604-18605) ?

Mr. Holovachka refused to answer as to the source of the cash, and in his refusal he questioned the pertinency of the information sought by the committee. Holovachka testified that he had not been properly informed on the subject of the inquiry and requested advice as to the subject so that he might judge the pertinency of the questions posed. However, Holovachka acknowledged receiving a telegram from the chairman of the committee, dated June 1, 1959, which set forth the basis for the committee's interest. The pertinent part of it reads as follows:

JUNE 1, 1959.

Mr. METRO HOLOVACHKA,
711 Gary National Bank Building,
Gary, Ind.:

* * * * *

From information the committee has it is indicated that certain law enforcement officers, including representatives of your office, cooperated with and supported the effort to create a monopoly in the coin machine business in the Lake County area and, simultaneously, efforts were made to destroy or bring about the dissolution of local No. 1. We are interested in developing that situation.

For some months now the staff has been attempting to obtain from you an explanation as to the large amounts of cash during that period of time which have either been deposited in your bank account or used by you. This explanation you have refused to give.

If there was conspiracy between you personally or your office and a gangster or racketeering element to put local No. 1 out of business or to establish a monopoly in the coin machine business, the committee has a right to know. Its jurisdiction in this field is clear and emphatic. Surely as a public official whose duty is to enforce as well as to observe the law, you should be willing to cooperate with a congressional committee charged with the responsibility of inquiring into improper practices in labor management relations.

Information of a derogatory nature regarding your activities will be developed beginning Tuesday afternoon, June 2. You are invited to attend and testify immediately if you see fit to do so. However, in connection with the subpoenas served upon you, you are ordered to produce the documents requested and to testify at the hearings on Friday, June 5, 1959.

JOHN L. McCLELLAN,

*Chairman, Senate Select Committee on Improper
Activities in the Labor or Management Field*

(p. 18609).

Although given an opportunity to explain the source of many individual transactions, Mr. Holovachka refused. The transactions involved large amounts of cash, mostly in \$10 and \$20 bills.

The chairman thus outlined the pertinency of the questions:

The CHAIRMAN. * * * Those who read the record, certainly who may have any legal responsibility in connection with it, will take judicial notice of what the resolution establishing the committee provides. The duty imposed upon the committee includes the investigation of the improper practices in labor or management relations. In this case, as the counsel has summarized, and the Chair was not here at all of the hearings but I was here at part of them, and particularly with respect to the testimony that there was established a union, a labor organization, the membership of which was composed of people who either owned or who worked on or worked for those who operated and kept in their place of business these pinball machines.

That union was established. According to testimony that came before this committee, there then moved into that area, into the Gary, Ind., community, some outsiders, I believe from Chicago—am I right, Mr. Counsel?

Mr. KENNEDY. At least one of them was from Chicago, and then, Mr. Chairman, not only in the pinball operations, but the other operations in Gary, bringing in outsiders from both Chicago and Los Angeles or Los Angeles.

The CHAIRMAN. At any rate they moved in from outside and undertook to compete with the so-called independent machines which, in that instance, were machines that were

under the union, or where the union had membership operating them and working on them, and they were successful in that they succeeded in putting the union out of business.

The testimony further shows that your chief investigator, the witness who just preceded you on the witness stand, went to a number of these places where they had machines and ordered them taken out and, in fact, did remove some of them, as he testified here today because they were the wrong machines in that they did not belong to the so-called syndicate that was taking over. Through your office, with the help of your office, they were able, it appears, to establish a monopoly in this operation, in this business there, to the extent that their income during the past 5 or 6 years—

Mr. KENNEDY. Five years; a 5-year period.

The CHAIRMAN. During the past 5-year period has exceeded some \$12 million. That has been, according to the testimony, certainly one of the strong implications of its having been done by reason of the assistance provided by your office in an official way.

Otherwise they possibly could not have succeeded in doing it. The independents were prohibited from running, whereas they seemed to have your blessings. That is the statement of fact that this record substantiates and it is on that basis, for that purpose, that you are here being interrogated and given an opportunity, if it is untrue, to simply refute it.

I hope you will cooperate. I think I agree with what you said. You owe it to the community out there, with all of these implications, if you want to just call them that, you owe it to your community and to your people to come here under oath and make a full and complete statement about it.

I hope you will do it. Your motion is overruled. Proceed (pp. 18607, 18608).

* * * * *

The CHAIRMAN. Beginning in January 1953, through December 1958, according to the investigations of this staff you handled \$263,000 in cash, not including checks, and so forth, that went through your bank account. For that reason, in view of the other statement I made, the committee is interested in knowing whether there is any improper practice or any crime committed in connection with the securing of a monopoly in this pinball machine industry and in driving out of business or causing the liquidation of a labor union organization (pp. 18609, 18610).

Holovachka continued to refuse to disclose the source of large amounts of cash in small bills that flowed through his bank accounts. His refusal went to such items as a bank deposit of \$250 in cash in January 1953 and to \$9,940 in tens and twenties paid on January 8, 1957, for Barrett bonds. Similarly he refused to disclose the source of over \$43,000 paid in \$10 and \$20 bills to various contractors for the construction of his home in 1954 and 1955.

In 1952, when Holovachka was comptroller of the city of Gary, over \$57,000 in cash went through his personal bank accounts. While serv-

ing as public prosecutor for Lake County from 1953 through 1958, \$263,000 in cash, most of it in small bills, went into his bank accounts, brokerage accounts, and real estate transactions.

Staff members testified that while Holovachka was a practicing attorney, his income for the years 1945 through 1947 was less than \$5,000 a year. In 1948 he reported income of \$2,700; in 1949, \$2,400; and in 1950, \$3,300. In 1951, Holovachka served as special deputy prosecutor of Lake County. During this term \$7,237 in cash went through his accounts. His salary as county prosecutor was \$10,500 for 1951 and \$12,000 for each year thereafter through 1958. His total reported income for each of those years was 3 to 4½ times his salary, as follows:

1953.....	\$32,402.39	1956.....	\$38,798.50
1954.....	33,786.70	1957.....	50,817.36
1955.....	38,967.67	1958.....	53,852.60

A nine-page summary of Holovachka's cash transactions for the period 1951-58 showed cash of \$327,000. Included with this was a report that for the period 1953-58 over \$106,000 in \$10 and \$20 bills went through his financial accounts. Holovachka refused to explain the source of 16 additional items specified by the chief counsel.

Holovachka rationalized the prevalence of the pinball machines by saying that the law was unclear. He testified that if given the proper legislation he would have cleaned them out in 24 hours. When questioned by the chairman about the act of 1957, he admitted that it established pinballs as per se illegal. He acknowledged that there was no court order restraining him from confiscating pinball machines in Lake County, but claimed he based his policy on a pending case in another county.

Holovachka contended that he kept no records of pinball machines he confiscated. He said he would not know if any of the equipment confiscated belonged to Welbourn-Sohacki syndicate. From time to time Holovachka would instruct his investigator, Walter Conroy, to destroy confiscated equipment, which he did. The chairman inquired of Holovachka:

Let me ask you, as a lawyer and as a public official, do you think you have a right to order your investigators or your deputies to go out and take personal property belonging to another and make no official record of it, or keep no official record of it?

Mr. HOLOVACHKA. When there was evidence of gambling; yes, sir.

* * * * *

The CHAIRMAN. It doesn't matter who owned them. Whoever owned them under the law, had a legal right, I suppose, to own them, unless it is a violation of the law to own them. Whether it was a violation of the law or not could be a subject matter at issue in a court case. Therefore, there should be a record of the machines you took up, and a record of the machines that you ordered destroyed, if you had the authority to order them destroyed.

Do you, as a prosecuting attorney, have the authority to issue an order to destroy personal property?

Mr. HOLOVACHKA. Yes, sir; I do, so long as it isn't where we have had a conviction. If there has been a conviction in a court of law, then it must be under the direction of the court. But in these other instances—

The CHAIRMAN. I will challenge that statement. I don't believe there is. I do not believe there is a case anywhere in law in any State that authorizes you to go out and pick up property and you make the decision about destroying it.

* * * * *

Mr. KENNEDY. Following up Senator McClellan's questions to you, can you give us the statute that allows or permits you to destroy the equipment?

Mr. HOLOVACHKA. I don't know of any statute, but no one has challenged my authority to do so up to the present time, Mr. Kennedy (pp. 18629, 18630).

Mr. Holovachka was supplied with a copy of Burns Indiana Statutes annotated and selected a section to support his contention that his confiscation of privately owned equipment was authorized:

Mr. HOLOVACHKA. I refer you specifically to section 10-2330 and specifically to section 4, paragraph (4).

Mr. KENNEDY. That is what gives you the authority?

Mr. HOLOVACHKA. I would say so. And the other general gambling statutes.

Mr. KENNEDY. This is the one you selected. Section 4 says—10-2328—is that what you said? It says: "Upon the conviction of any offender for a violation of this act, the court shall order the sheriff to seize any slot machines."

Mr. HOLOVACHKA. Upon the conviction. In this case, the people were not convicted.

Mr. KENNEDY. So how did you have the right to seize it?

Mr. HOLOVACHKA. We saw the law violation.

Mr. KENNEDY. Is that a conviction in Lake County? (p. 18631.)

Holovachka denied having direct knowledge that Welbourn and Sohacki were operating pinball machines. He admitted, however, that he had read that they were operators. In response to a query by the chairman, he had this to say:

Mr. HOLOVACHKA. Senator, let me say in this to you: By way of hearsay and by way of reading in the press, I am informed that they did own some machines in Lake County. How many, I don't know.

The CHAIRMAN. All right. Did you have them before the grand jury since this ruling in 1957 to ascertain whether they were operating gaming machines or not?

Mr. HOLOVACHKA. We didn't do it because of this ruling in Allen County at that time, sir, and because the case is pending in the supreme court.

The CHAIRMAN. In other words, you are going to put off enforcing that statute just as long as you can.

* * * * *

Mr. HOLOVACHKA. The legislature, on purpose, in 1953, put this hitch into this act so that that law could not be enforced.

The CHAIRMAN. They obviously unhitched it in 1957.

Mr. HOLOVACHKA. That is correct, sir.

The CHAIRMAN. Why isn't it being enforced now?

Mr. HOLOVACHKA. Because the supreme court hadn't ruled on the case yet. Only recently have we had a decision upon which a prosecuting attorney could hang his hat, and that was Judge Niblick's ruling.

The CHAIRMAN. The supreme court could never rule on a case until there is a lower decision; isn't that correct?

Mr. HOLOVACHKA. Well, there has been a lower decision. There has been a permanent injunction that has been appealed 2 years ago.

The CHAIRMAN. That is in another jurisdiction.

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. That is not in yours?

Mr. HOLOVACHKA. That is correct, sir.

The CHAIRMAN. There is no such decision in a lower court because of anything you did, is there? That is, to try to enforce the statute? (p. 18623).

Despite the refusal of Holovachka to cooperate with the committee during its investigation and his peculiar attitude and testimony before the committee, he was given a final opportunity by the chairman to square his position with the people of Lake County.

The CHAIRMAN. Do you think now, as a public official, that you owe it to the people of your community, in view of this public development, to let them know the truth about it?

Mr. HOLOVACHKA. About my private affairs?

The CHAIRMAN. Yes, sir.

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. No; I mean about this money that you have been getting while the law has not been enforced?

Mr. HOLOVACHKA. That is a private affair, and I stand upon my legal objection.

The CHAIRMAN. It is not altogether a private affair in my judgment, and you agreed with me in the beginning, you gratuitously said, that you felt you owed a duty to them to explain it (p. 18624).

* * * * *

Mr. HOLOVACHKA. The Constitution and the Supreme Court has set down—we are not governed by men. We are governed by laws. I am simply trying to follow the laws of our great country.

The CHAIRMAN. That is the trouble out there, apparently. The people of Gary are not governed by law. They have no one to enforce the law. You had the responsibility for doing it. Now you come up here with a lot of excess money, and you say it is none of their business where you got it. Is that what you mean to say to the people back home?

Mr. HOLOVACHKA. That is the way you put it, Senator (p. 18625).

Superintendent Harold S. Zies and Maj. Paul Blankenford, executive officer of the Indiana State Police, were requested to testify on the corruption and vice in Lake County, and to explain the degree of cooperation they have received from the local authorities there. Their testimony related to the period during which Metro Holo-vachka was county prosecutor.

Mr. BLANKENFORD. The problem up in Lake County is one of prosecution, as I would word it and summarize it. You have to have the cooperation of the prosecutor's office in order to prosecute people. This administration, as other administrations, we have had definite and specific orders to keep raiding in there, and all the enforcement measures that we could use.

Mr. KENNEDY. Has that been the worst county in Indiana?

Mr. BLANKENFORD. Yes, sir.

Mr. KENNEDY. There is no other county comparable to it as far as breakdown of law enforcement?

Mr. ZEIS. No, sir.

* * * * *

The CHAIRMAN. There was no real effort made by Holo-vachka, that prosecutor and his office, to stamp this evil out, to stop it?

Mr. BLANKENFORD. No, sir.

* * * * *

Mr. KENNEDY. Is it correct that Mr. Holo-vachka requires that all prosecutions should be handled through his office?

* * * * *

Mr. ZEIS. We had been going through a justice of the peace to get our search warrants, after we gathered the evidence. He came out pretty much in defiance of our legality of operating that way. He demanded that we go through his office to file all affidavits.

Mr. KENNEDY. That makes your operation, of course, almost completely impossible.

Mr. BLANKENFORD. That is right.

* * * * *

Mr. KENNEDY. So since it is known that this situation, a notorious situation, exists in Lake County, Ind., although it has been known for a number of years, this has presented the major problem as far as action being taken at the State level, not only by the present Governor but past Governors?

Mr. BLANKENFORD. That is true.

* * * * *

Mr. KENNEDY. Did you receive a report in 1957 that some of these operations were being conducted by the syndicate out of Chicago? Did you receive a report in the State police, or any report in connection with that?

Mr. BLANKENFORD. Yes; in 1957 we did have a report that had a tone on it that the syndicate was involved.

Mr. KENNEDY. In back of some of these operations?

Mr. BLANKENFORD. Yes; that is right (pp. 18759-18762).

EAST CHICAGO PINBALL INVESTIGATION

Pinball operations in East Chicago, Ind., were apart from the Welbourn-Sohacki syndicate operating elsewhere in the county. The syndicate in East Chicago does business as the Lakeside Specialty Co., and is controlled by Rowland Schaefer and Kenneth McDonald.

In East Chicago free play-type pinball machines are prohibited by city ordinance. None of the syndicate machines were disturbed by the city police. The East Chicago syndicate in 1958 purchased 312 Federal gambling stamps for machines on location there. Despite a State statute and a city ordinance outlawing gambling-type pinball machines, staff investigators found that 75 city licenses had been issued on syndicate-owned machines. It seems reasonable to point out that if these machines were illegal, then no licenses should have been issued, and if they were legal, then at least 312 licenses should have been issued.

The gross take by this syndicate operation for the period from November 1, 1952, through December 31, 1957, was \$2,426,000. This was realized from an initial combined investment of \$10,360.

Rowland Schaefer refused to explain his meteoric financial success on an investment of \$3,100. From this investment Mr. Schaefer earned over \$221,000 for the 6-year period from 1952 through 1957. When Schaefer refused to explain the means used to monopolize pinball operations in East Chicago, staff members testified that the syndicate records showed that \$23,433 had been expended for gifts from 1954 through 1959. Most of these gifts were given to county or city officials or to their families.

Rowland Schaefer, a partner in the East Chicago pinball operation, the Lakeside Specialty Co., was also an official in the National Union of Automatic Equipment and Coin Machine Operators, Servicemen and Repairmen, of 550 Broadway, Gary, Ind. Schaefer took the fifth amendment on all questions relating to his association with the union. He refused to confirm his signature on the local No. 2 charter application. This charter was to include Cook County, Ill., and vicinity.

John Powers, a former partner in Lakeside Specialty Co. with Schaefer, Frank Rizzo, and Kenneth McDonald, initially cooperated with the committee. About a week prior to his appearance, however, he informed a staff investigator that because of the possible danger to his small child he did not wish to appear before the committee. Investigator Duffy testified as to a recorded interview with Mr. Powers:

Mr. DUFFY. In our interview, he stated he had met Mr. Frank Rizzo, also a partner of Lakeside, in 1952, in the latter part. He said he had discussions with Mr. Rizzo and that Mr. Schaefer had made some arrangements in East Chicago to set up and operate pinballs in the area, and that some arrangements had been made by Mr. Schaefer for this to take place.

He came into the company at that time and invested 20 percent in the company, a total of \$2,072. He had control over 35 pinball machines in the East Chicago area; that he made weekly collections from these locations.

* * * * *

He also said that Mr. Schaefer told him not to keep individual location records, that he never kept any records. He also said that the payouts were made by the location owners, which would be in violation of the law, and that the cost of the payoff was sustained half by the company and half by the location owner.

The profits were split 50-50 (p. 18655).

* * * * *

The CHAIRMAN. Did you know they were paying off officers of the law in order to get the privilege of operating these machines?

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I give might tend to incriminate me (p. 18656).

Frank Rizzo, former partner and now an employee of the pinball syndicate in East Chicago, exercised his privilege under the fifth amendment, in refusing to explain his reason for a transfer from local No. 1 in Gary to local No. 2 in Chicago. He refused to acknowledge also his financial interest in Lakeside Specialty Co.

Mr. KENNEDY. Mr. Rizzo, as a union member you were also an officer in the company and invested, according to our records, \$2,072, and from the year 1952 to 1957, from the operation of these gambling machines, you made, according to the records, \$58,467.21. Is that correct?

Mr. RIZZO. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Before we proceed further, let me ask you a question I should have asked the other witnesses, too, maybe.

What is the purpose of this union, and then this business connection? Is it the purpose of operating the union along with operating this Lakeside Specialty Co., just as kind of a sham, kind of a protection against legitimate unionism? In other words, you set yourself up in a union so that no other union can come along and organize any of your employees; is that it?

Mr. RIZZO. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

* * * * *

The CHAIRMAN. On the face of it, it looks like a racket just a skinflint game of some cheap gamblers who are exploiting in this field, possibly by bribing officers, and so forth, in order to permit them to operate in violation of law.

Have you any comment to make about that? If I am in error, will you correct me?

Mr. RIZZO. I decline to answer—I respectfully decline to answer on the ground that my answer may tend to incriminate me (pp. 18658, 18659).

Justice of the Peace Jack Slaboski, also a councilman in East Chicago, was receiving income from the Lakeside Specialty Co.'s pinball operations there. Ted Peters served as a conduit of the money to Judge Slaboski. Investigator Richard G. Sinclair testified:

Mr. SINCLAIR. Mr. Peters has control over pinball machines in the clubs in the city of East Chicago and Indiana Harbor. He maintains this control through his association with Slaboski, who is town councilman, and justice of the peace at the present time, and Art Golden.

The income received by Mr. Slaboski for the year 1958 from this operation of Mr. Peters was \$3,000. Mr. Golden received \$3,200 in 1956 and \$3,400 in 1955 from this operation.

Mr. KENNEDY. What position did Mr. Slaboski hold at the time?

Mr. SINCLAIR. Mr. Slaboski, prior to January 1, 1959, was town councilman for East Chicago.

Mr. KENNEDY. What position does he hold at the present time?

Mr. SINCLAIR. At the present time he is justice of the peace.

Mr. KENNEDY. We expected him as a witness today?

Mr. SINCLAIR. We expected him as a witness, but in the last week we have been unable to reach him. He is a silent partner in this operation.

Mr. KENNEDY. He is a silent partner in this operation?

Mr. SINCLAIR. That is correct (p. 18660).

Peters exercised his constitutional privilege when requested to elaborate on the arrangement.

Partners Schaefer and McDonald, of Lakeside Specialty Co., failed to report income for year 1957. The total amount not reported was over \$40,000, as testified by Committee Investigator Jame F. Mundie:

Mr. KENNEDY. Do we find that the Lakeside Co. actually reported all of their income, and the partners of the company?

Mr. MUNDIE. We find that the reconciliation of the partnership returns—we find that during the year 1957 Mr. Rowland Schaefer failed to report salary in the year 1957 in the amount of \$14,500, and his partnership income in the amount of \$8,769.66, making a total of \$23,269.66.

Mr. KENNEDY. Is he the only one?

* * * * *

Mr. MUNDIE. In the reconciliation of Mr. McDonald's partnership of Lakeside Sales, he failed to report \$17,701.77.

The CHAIRMAN. For what period?

Mr. MUNDIE. For the year 1957.

The CHAIRMAN. These matters will be brought to the attention of the Internal Revenue Service, if it has not already come to their attention.

Mr. MUNDIE. It has not come to their attention as yet.

The CHAIRMAN. Well, it has now.

* * * * *

Mr. KENNEDY. I might say, Mr. Chairman, that the amount of money they can recover from this will pay for the investigation.

The CHAIRMAN. You mean the amount of money if the tax is recovered.

Mr. MUNDIE. Yes; they are in about the 65-percent bracket.

The CHAIRMAN. That would be adequate to pay for the cost of this particular investigation?

* * * * *

The CHAIRMAN. Over \$40,000 in income?

Mr. MUNDIE. Over \$40,000 in income. Of course, with the taxes it would be tax, interest, and penalties (pp. 18661, 18662).

Metro Holovachka stated that he had no recollection of receiving gifts from the East Chicago pinball syndicate. He denied that he knew any of its operators. Likewise, he denied that he knew the origin of certain gifts he had received, including a barometer and a spice-chest radio he admitted he had in his home.

Mr. KENNEDY. Would you take \$300 worth of gifts from one company or group without knowing who the people were, or inquiring into it?

Mr. HOLOVACHKA. As I say, Mr. Kennedy, I don't know that there were \$300 worth of gifts there. It would certainly seem ridiculous that I would get that much in gifts without having known it.

* * * * *

Mr. KENNEDY. * * * In 1956 the gifts amounted to some \$300 for you, Mr. Holovachka.

Mr. HOLOVACHKA. As I say, I have no recollection. It is possible that I may have received them (p. 18664).

ACCARDO-GIANCANA-PINELLI-GLIMCO CRIME SYNDICATE OPERATIONS, LAKE COUNTY-PORTER COUNTY, IND.

Following the testimony pertaining to the illegal pinball operation in Lake County and the effect it had on the elimination of union activity, the committee went into an equally serious area involving the effect of organized prostitution and gambling on the efforts of independent repairmen to organize a union. The background for this phase of the investigation was supplied by staff investigator LaVern J. Duffy.

Mr. DUFFY. Yes, in 1951, Jack Doyle headed up the criminal syndicate in Lake County, Ind. He was exposed by the Kefauver committee in 1951. He was indicted in 1952. Then in January 1953, after he [Doyle] had been completely exposed and ineffective in the area, he [Anthony Pinelli] met with Sam "Mooney" Giancana, a notorious hoodlum from Chicago, and Tony Accardo, the No. 1 hoodlum in Chicago. They met in Los Angeles. * * *

Shortly thereafter Mr. Doyle was convicted for income tax evasion, and then Mr. Pinelli migrated from California to Gary, Ind., and took over certain operations. We know he came to Gary in October 1954 and set up a jukebox company called the Century Distributing Co. He also set up a pizza business. We do know that these were just fronts for his illegal operations.

In 1957 it was established, for example, that he was in the bookie and handbook operations in Lake County, Ind., with John Formusa, a notorious vice lord of Gary, Ind., Mr. James Rutledge, and Mr. Pinelli.

Mr. Rutledge died on March 5, 1957, and a man by the name of Frank Zizzo migrated from Chicago and came over to Lake County and took over the active operations of these gambling operations.

We know that as a fact because Mr. Rutledge had a Federal gambling stamp issued to him for one of his places, which was called the Uptown Lunch Club, in Whiting, Ind. He died the following year, and the Federal gambling stamp was issued to Mr. Zizzo (pp. 18671-18672).

Anthony Pinelli, co-owner of Century Distributing Co. and a Lake County hoodlum, had as his close associates there many members of the Chicago crime syndicate, including Thomas Morgano, former employee of Barbers Association in Chicago; Anthony Gruttadauro, his nephew; James Rutledge; Frank Zizzo; Tony Penzato; and John Formusa, the reputed czar of prostitution in Lake County. Associated with Pinelli in Century Distributing Co. was Rocco Schiralli, deputy controller for the city of Gary.

Two members of the vice squad in the Gary Police Department were also personally acquainted with Pinelli and made visits to his home in California. Both Donald Smith and Frank Unetich, members of the vice squad of the Gary Police Department, acknowledged their association with Anthony Pinelli. Don Smith joined the vice squad in 1953 and has known Mr. Pinelli since he came to Gary in 1954. He testified he knew him only as a restaurant owner and knew nothing of his illegal activities.

Mr. SMITH. I thought him to be a respected restaurant owner.

Mr. KENNEDY. You weren't aware of the fact that he operated a number of gambling joints in Gary, Ind., in Lake County?

Mr. SMITH. No, I wasn't.

Mr. KENNEDY. You never were aware of that?

Mr. SMITH. I am aware of it from what I am hearing from the committee and read in the papers; yes, now (p. 18709).

Smith also related his association with Jack Doyle, a notorious gambling figure and predecessor of Pinelli, as top syndicate representative in Lake County.

Mr. KENNEDY. With whom did you go to Las Vegas?

Mr. SMITH. A Mr. Kushner, of the Kool-Vent Awning in Gary, and Mr. Morris, an attorney, and Mr. Jack Doyle.

Mr. KENNEDY. How long had you known Mr. Jack Doyle?

Mr. SMITH. I probably knew Jack Doyle 17 years, 16 years.

Mr. KENNEDY. Who was he?

Mr. SMITH. Who was Jack Doyle; did you say?

Mr. KENNEDY. Yes.

Mr. SMITH. Well, Jack Doyle, as you say, was before the Kefauver committee for running some gambling in Lake County. He was a restaurant owner.

Mr. KENNEDY. How did you happen to go to Las Vegas with Jack Doyle?

Mr. SMITH. A guest of Mr. Kushner.

Mr. KENNEDY. Mr. Kushner of the Kool-Vent Co.?

Mr. SMITH. That is right (p. 18711).

* * * * *

Mr. KENNEDY. Were you aware of the fact that Mr. Jack Doyle had just been convicted of income tax evasion at that time?

Mr. SMITH. I know Mr. Doyle was convicted of income tax evasion, but I don't know at that time whether I knew it or not. As soon as he was convicted I knew it.

Mr. KENNEDY. He had been convicted shortly prior to that time. Actually, in 1954 he had been convicted of income tax evasion. He appeared before the Kefauver committee and had been identified as the operator of gambling in the Gary area (p. 18712).

Detective Frank Unetich of Gary, the vice squad, acknowledged his association with Pinelli and admitted that he had visited Pinelli at his motel at Los Angeles. Just before he left, he obtained two Rose Bowl football tickets from Robert Lucas, attorney for Pinelli and John Formusa in Gary.

Mr. KENNEDY. Who paid for your motel room out there?

Mr. UNETICH. The morning we left, as I recall it, I got the car and put the bags in, and my friend came from the office. As we drove out, he told me that the boy told him that the motel bill was on his dad (p. 18715).

Officer Unetich also professed ignorance to Pinelli's gambling operations.

Mr. KENNEDY. When did you find out he was active there?

Mr. UNETICH. In gambling?

Mr. KENNEDY. Yes.

Mr. UNETICH. When I read about it in the papers (pp. 18715-18716).

* * * * *

Mr. KENNEDY. Do you know John Formusa?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. Do you know he ran a house of prostitution?

Mr. UNETICH. Where?

Mr. KENNEDY. In Lake County?

Mr. UNETICH. I read that in the paper (p. 18716).

Unetich testified that he had visited John Formusa on two occasions—once in the company of a contractor friend, George Stevens; and another time with a group of Siamese who were visiting Gary and studying police operations there under the foreign aid trainee program. Officer Unetich was vague on his recollection of the confiscation of pinball machines. Smith recalled that the last machines he confiscated were in 1953.

Pinelli took further refuge behind the fifth amendment. When asked about his local associates John Formusa, Tom Morgano, and Tony Gruttadauro, and about the Uptown Lunch Club in Whiting, a gambling establishment, he continued to refuse to answer. His known associates outside the Chicago area include Frank DeSimone, John LaRocca, and Gabriel Mannarino of Pittsburgh, and Max Berman. Pinelli remained silent on his realty holdings in the Sierra Madre and Los Angeles areas.

Pinelli's records show that far more cash went through his accounts than he reported as income. Staff Investigator Pierre E. G. Salinger testified:

Mr. SALINGER. 1948 through 1957, he reported a total of \$22,745 and odd cents on his income tax returns, and in the same period more than \$570,000 went through his bank account, of which some \$200,000 was in cash.

Mr. Pinelli is always in possession of considerable amounts of cash. As late as May 20, 1958, he purchased \$25,000 worth of U.S. bonds and paid for them in cash at the First Western Bank & Trust Co., in Sierra Madre, Calif.

Mr. KENNEDY. Would you tell us where you get the cash from?

Mr. PINELLI. I respectfully decline to answer on the grounds previously stated in declining to answer previous questions (p. 18726).

Pinelli invested much of his money in California. At the time of the committee hearing in June 1959, his total realty holdings in California alone were worth \$443,600. Not all investments were in Pinelli's own name. The Movietown Motel in Hollywood, built at a cost of \$200,000, was recorded in the names of his two sons. Pinelli made trips to Las Vegas to buy "house checks" with cash in an apparent effort to disguise illicit income from his syndicate operations in Lake County.

Sam "Mooney" Giancana, a top Chicago syndicate member, appeared before the committee. He refused to explain the purpose of a trip he made to Los Angeles in 1953, on which he was accompanied by Anthony Accardo, another top figure in the Chicago underworld; and Dr. Eugene Chesrow, a Chicago physician. This group was met at the Los Angeles airport by Tony Pinelli. Investigator Salinger testified to Giancana's criminal record:

In 1929 he was convicted of burglary-larceny, and sentenced to 1 to 5 years in the Joliet Penitentiary. He served 3 years and 9 months of that sentence.

In 1939 he was convicted of conspiracy to violate the internal revenue laws as they relate to liquor, and was sentenced to 4 years and fined \$2,700. He served, of that 4-year sentence,

3 years and 2 months in Leavenworth and Terre Haute Federal Penitentiaries.

In addition to that, he has received minor sentences for larceny of auto, tampering with auto, disorderly conduct, and has been picked up on a number of other charges.

Mr. KENNEDY. How many times has he been arrested? Seventeen times?

Mr. SALINGER. Seventeen times (pp. 18673-18674).

Additional hoodlum associates of Tony Pinelli are Frank Sortino and Frank Ferraro, who is reported to be Gus Alex's No. 1 man in the first ward in Chicago. Among the Chicago hoodlums Alex and Ferraro are considered to be the most vicious and ruthless. Another is Frank DeSimone, an attorney who was present in the Apalachin meetings; he is a gangland lawyer in the West. John Sebastian LaRocca and Gabriel Kelly Mannarino of Pittsburgh are also close to Pinelli. They visited Pinelli at his Movietown Motel on the west coast, and Pinelli paid their hotel bill when they visited him in Gary. In addition to these, Pinelli's Chicago hoodlum acquaintances included Jacob Guzik, Max Berman, and Joseph Gagliano.

In Gary, Pinelli surrounded himself with Chicago hoodlums who had served the syndicate well in Chicago and were given more responsible syndicate tasks in Lake County. Included among these are Pinelli's nephew Anthony Gruttadauro; Frank Zizzo, Anthony Penzato, Frank Caprio (now deceased), John Formusa, and Tom Morgano. With respect to Morgano, he and Pinelli were closely associated in the county bookmaking operation and were known to be partners in Stag, Inc., a bookie joint in Gary.

The jukebox outlet of Tony Pinelli, the Century Distributing Co. in Gary, secured most of its records from Lormar Distributing Co. in Chicago. Lormar is owned and operated by Sam Giancana and Chuck English, Chicago hoodlums. Century Distributing Co. used as a source for its jukeboxes the firm of another Chicago hoodlum, Joey Glimco. The purchases of jukeboxes from Glimco and records from Giancana and English was done by subordinates. Investigator Salinger testified:

Mr. SALINGER. I might say in connection with Mr. Glimco that his acquaintanceship with Mr. Giancana is of some interest to us since Mr. Testo's testimony that when he wanted to organize Mr. Pinelli's jukebox operation in Gary, Ind., he was told before he organized it he should go see Mr. Glimco, and Mr. Glimco told him not to organize the company.

The CHAIRMAN. Told him what?

Mr. SALINGER. Not to organize the company. He subsequently received a threat and did not organize them (p. 18677).

The link between the Gary combine of Pinelli-Formusa-Morgano and the Chicago crime syndicate was clear. Pinelli's rise in power in Gary commenced after his meeting with Accardo, Giancana, and Dr. Chesrow in Los Angeles.

Mr. KENNEDY. And we identified the fact that Mr. Pinelli, after the 1953 meeting, came and moved into Lake County?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And that Pinelli is, in turn, a close associate of Mr. Giancana; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. We also identified the fact that Mr. Formusa, who operated in Lake County, was an associate of Mr. Giancana?

Mr. SALINGER. We know that he was a close associate of Mr. Pinelli, and we believe him to be an associate of Mr. Giancana.

Mr. KENNEDY. As a matter of fact, Mr. Formusa and Mr. Pinelli have been in business together?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Mr. Formusa handled the vice operations and Mr. Pinelli handled the gambling operations?

Mr. SALINGER. That is correct (p. 18680).

* * * * *

Mr. KENNEDY. Mr. Chairman, I think this shows, as we develop it again tomorrow, with the activities of Mr. Pinelli, as much as any hearing that we have had, the operation or the syndicate operation of the underworld here in the United States, where they come from one community to another, they set up and establish their operations, and get complete control of industries, the vice, the gambling, and when they need a labor union they set a labor organization up; when they feel it is more beneficial they put a labor organization out of existence.

* * * * *

Mr. KENNEDY. Of course, Mr. Chairman, this is only possible where you have lax law enforcement. All of these operations could not have existed. Mr. Zizzo could not have come down there. You could not have had Mr. Pinelli's operations. You could not have had Mr. Formusa's open operations, if it had not been for the help and assistance given by Mr. Holovachka.

Mr. Holovachka, if he was following through on his responsibilities, of course, these things could not have happened or continue to go on (p. 18688).

John Formusa ran a nationally known house of prostitution known as the M. & J. Motel, located just outside the city limits of Gary in the Small Farms area of Lake County. Formusa frequently contacted the prosecutor's office in Crown Point, Ind. He personally called the unlisted number of Walter Conroy, the chief investigator in the prosecutor's office. Conroy could not recall the purpose of these calls.

When interviewed by committee staff members, Formusa seemed to have a real sense of accomplishment in the syndicate he had been able to develop. In addition to the elaborate suburban motel, which was devoted entirely to his prostitution racket, Formusa controlled the red light district in Gary. Formusa's association with members of the vice squad in the Gary Police Department is indicated by the testimony of two of its officers. Officer Frank Unetich admitted that he had personally visited with Formusa on two occasions at his large home at 9341 Lakeshore Drive in the Miller section of Gary.

Officer Don Smith testified that he had accepted an all-expense-paid trip for two to Las Vegas from Abe Kushner, a personal friend and associate of John Formusa.

Formusa's reported income for 1955 was \$11,000. In that year the M. & J. Motel was constructed. In 1956 his income was \$46,000; in 1957, \$56,000. His total income for the 3-year period was \$113,000.

Mr. KENNEDY. It would appear to be growing each year, from the information that we have, with Mr. Holovachka as the public prosecutor in that area, 1955 and 1956 and 1957. Each year it grew a little more, became more active, did it not, this nationally known motel? (p. 18685).

Formusa's financial growth began when Holovachka was elected to the office of county prosecutor.

Mr. SINCLAIR. He was a part of the Doyle-Pinelli-Formusa syndicate operation in Gary which covered the vice, the gambling, and the pinball machines and slot machines (p. 18685).

John Testo, general organizer for the Coin Machine Operators & Repairmen Union, testified that he met with Tony Pinelli and had contact with John Formusa as business agent for the Terrazzo & Tile Setters local; when personal threats were made against him after his visit with Joey Glimco, he realized that he could not continue, so he became inactive in 1957.

SYNDICATE ATTEMPT TO ORGANIZE PORTER COUNTY, IND.

Frank Aliotta, secretary-treasurer of the Master Barbers Association of Chicago, testified that the derogatory testimony before the committee concerning his employees astounded him (p. 18775).

The committee heard testimony on how this association maintained peace and harmony in the barbering trade in Chicago. The association accomplished this through the employment of seven thugs as investigators. Aliotta and the investigators were close associates or relatives of Tony Pinelli. Frank Zizzo, an associate of Pinelli in Lake County and operator of the Uptown Lunch gambling joint in Whiting, was employed by the Master Barbers Association. From January 1, 1955, through 1958 he was paid over \$19,000. Frank Zizzo was arrested six times, including one arrest for fencing jewelry.

George Dicks, another notorious character employed by the Barbers Association as an investigator, has a record of over 300 arrests. From January 1, 1955, through December 31, 1958, Dicks received over \$35,000 from the association. He has had two felony convictions.

Tom Morgano was employed by the Barbers Association in January of 1950 and served with them as an investigator through 1954. During this period Morgano was paid over \$29,000 for his services.

From 1949 to 1959 the Master Barbers Association employed 11 special investigators to maintain "peace and harmony" among the barbering trade in Chicago. With respect to their background, the testimony of Committee Investigator Gerald G. Gotsch disclosed the following:

Mr. GOTSCH. * * * Eight out of the eleven have associations and records.

Mr. KENNEDY. And seven have records?

Mr. GOTSCH. That is right, sir.

Mr. KENNEDY. How much did these special investigators, all of them receive from 1950 to the present time?

Mr. SCHULTZ. \$224,282.63.

Mr. KENNEDY. The seven that have records, can you give us roughly how much they received?

Senator MUNDT. Let them tabulate it and put it into the record at this point, if it requires additional computations.

(The material to be furnished follows:)

Colianni.....	\$67, 417. 40
Dicks.....	35, 876. 60
Moretti.....	16, 199. 20
Morgano.....	29, 050. 00
Serio.....	24, 467. 60
Ventura.....	8, 878. 80
Zizzo.....	19, 441. 60

Total..... 201, 331. 20

(p. 18779)

Members of this group were doing "organizational" work in Hammond and Whiting, Ind. Frank Zizzo was conducting bookmaking and card and dice games for Tony Pinelli in Hammond and Whiting, while Tommy Morgano was handling the Gary end of the syndicate vice operations, exclusive of prostitution.

After organizing Chicago and Gary for the underworld syndicate Morgano proceeded to organize the neighboring territory in Porter County, Ind.

The projected immediate expansion by two major steel companies made Porter County a prime target.

Valparaiso is the county seat in Porter County. In the spring of 1958 Morgano undertook to establish himself as a legitimate businessman there. He opened a pizza restaurant near the campus of Valparaiso University and proceeded to ingratiate himself in the community.

Morgano attempted to tie up vice operations in Porter County for the Chicago Giancana-Accardo-Pinelli underworld crime syndicate. This matter was first brought to the committee's attention by the chief deputy sheriff of Porter County, who had been approached by Morgano to serve as an intermediary for Morgano between the sheriff and the county prosecutor of Porter County. Chief Deputy Sheriff Harold Rayder conferred with the committee staff and requested assistance in securing data that would aid in the prosecution and exposure of Morgano. After this information was secured, Rayder appeared before the committee and related the plan of Morgano to take over all crime and vice operations in Porter County.

Committee Counsel Robert F. Kennedy outlined the importance of Rayder's testimony:

Mr. KENNEDY. Mr. Chairman, the importance of this testimony is in connection with the testimony that we had yesterday, where there is an influx of some outside groups to try to take over the area and destroy proper unionization.

We are going now from Lake County to Porter County.

Here we have some firsthand information and testimony as to how gangsters and racketeers try to move in on a county to destroy the proper unions and set up illegitimate businesses and vice.

I think as the testimony develops, we will see that we will have some firsthand information as to how that can happen.

SENATOR GOLDWATER. Is Porter County contiguous to Lake County?

MR. RAYDER. Yes, it is.

* * * * *

MR. KENNEDY. In early 1958, did you understand that one of the prominent figures in the underworld was a man by the name of Tom Morgano?

MR. RAYDER. That is so. Part of the Chicago Pinelli and Giancana syndicate.

MR. KENNEDY. The Pinelli-Giancana syndicate of Chicago?

MR. RAYDER. That is correct (pp. 18486-18487).

Morgano, an alien, was born in Calascibetta Caltanissetta, Italy. He served 30 days at Crown Point, Ind., in 1931 for violation of the National Prohibition Act. In 1939, he was sentenced to 180 days for conspiring to violate the internal revenue laws. In 1941, he was arrested again for violation of the National Prohibition Act. On September 1, 1958, he was arrested in Gary for obtaining money under false pretenses. In October 1958, he was arrested and held on a charge of assault and battery with intent to kill of which he was subsequently convicted.

Deputy Sheriff Rayder described to the committee his first meeting with Morgano at the Elks Club in Valparaiso. At this meeting Morgano inquired of Rayder if he was interested in making a "fast buck." There were subsequent meetings, and after Rayder was satisfied that Morgano was seriously interested, he took steps to gather data which he felt would be essential in the prosecution of Morgano for his attempt to bribe a State official.

MR. KENNEDY. Would you relate to the committee what your conversation with Morgano was?

MR. RAYDER. At that particular time he stated that he would like to get Porter County solid, and that he wanted to establish the pinball machines solid in the county; he would like to start a house of prostitution on the north end of the county. He wanted to know if I would look around to find a piece of land where he could build a place.

He said he would run it very nice and quiet; there wouldn't be any trouble. I stated at that particular time that the \$10,000 that he had offered me wouldn't be enough to cover the sheriff and prosecutor and a few other smalltime politicians that would want their cut out of it, and he said, well, he would go as high as \$50,000.

MR. KENNEDY. \$50,000 was for whom?

MR. RAYDER. \$50,000 was to take care of the sheriff and the prosecutor and the JPs and the constables. At this particular time, he also offered me \$50,000, plus a bonus that he said he could steal off the politicians. He said they would never know the difference.

Mr. KENNEDY. So altogether it was going to be \$100,000?
Mr. RAYDER. Right (p. 18489).

* * * * *

Mr. KENNEDY. Did he tell you how the payoff would take place?

Mr. RAYDER. Yes; he said the payoff would be in small circulating bills of \$10's and \$20's.

Mr. KENNEDY. You tried to have a recording of some of these conversations with Mr. Morgano; is that correct?

Mr. RAYDER. Yes, I did. I got a recording at the Sportmen's Club, but it didn't prove to be satisfactory.

* * * * *

Mr. KENNEDY. Why, after he had made this offer to you and repeated the offer on at least three separate or other occasions, why didn't you make an arrest at that time?

Mr. RAYDER. Well, I felt we hadn't quite gathered enough evidence to make an arrest at that time, and that if we could get all the fundamental points of his bribe and find out just exactly what he had done, I felt we could send him up for a long time and wouldn't have to worry about him.

Mr. KENNEDY. You felt that with the support of the committee in bringing and developing it, you would be able to get enough public pressure to have something done about the situation in Porter County?

Mr. RAYDER. That is correct (p. 18490).

* * * * *

Mr. KENNEDY. But you did take a recording on the meeting that you had with him in the automobile of May 4, and that was satisfactory.

Mr. RAYDER. That is correct. That recording turned out fine (p. 18491).

The recording was played at the committee hearing, and Morgano refused to answer all questions pertaining to it. However, the record makes the following points:

- (1) Morgano was a part of the Chicago underworld syndicate.
- (2) Morgano was an associate of Sam Uzelac, who was shot in Gary about 6 months prior to the meeting with Deputy Sheriff Rayder. Morgano was convicted of this shooting and was "penalized" by Lake County officials by a \$200 fine and a suspended sentence of 2 years.
- (3) Morgano wanted control of all crime and vice in Porter County. This was to include pinballs, card games, bookmaking, dice, roulette wheels, and prostitution.
- (4) Rayder was to serve as intermediary between the sheriff and county prosecutor, and Morgano.
- (5) Morgano had already formed a close personal relationship with the mayor of Valparaiso, John Wiggins.
- (6) Morgano was to pay \$50,000 for a 2-year period to Rayder to take care of the sheriff, the prosecutor, and lesser officials, and Rayder was to get an additional amount for himself.

(7) Morgano was to take care of any other persons who might attempt to muscle in on any segment of crime or vice in the county. He wanted it solid with no outside interference whatsoever.

(8) Morgano was to set up a house for the sheriff to raid periodically to take the heat off the administration.

Senator Goldwater had this to say about Morgano's effort to organize Porter County.

Senator GOLDWATER. Speaking for the committee and for myself, I think this is another evidence where local law enforcement has fallen down. I think the Federal Government might have some blame in this, too. I hope that the local authorities of Indiana, the State of Indiana, and the Federal Government, will move immediately against this man.

I don't think there is an American in this room that can be proud this morning of a man who has come here from Italy, murdered and robbed and stolen, operates houses of prostitution near a college, and our Government allows him to go scot free. I hope this committee and the staff will insist that this Immigration Service get into this immediately and take full strength of justice against this man (p. 18508).

VI. DETROIT

It appeared no coincidence that the most extensive misuse of labor unions discovered in our coin machine inquiry was in the personal bailiwick of Mr. James Hoffa. Indeed, he was responsible for the racketeer subversion of at least two locals in the Motor City.

The Detroit hearing proved an instructive case history of how labor-management collusion initiated by self-seeking employers was exploited by the organized underworld. The consequent subjugation of the industry to these criminals was graphically told to us by their victims.

The inability of organized labor to rid itself of racketeers was notable in the testimony of Mr. Auguste Scholle, a trade unionist since 1933 and now president of the Michigan AFL-CIO State Federation. He explained why organized labor was opposed to the coin machine unions, and the limited effect of his opposition.

Scholle testified that since 1940 he was instrumental in having charters of two locals revoked when he discovered they were being used to enforce trade restraints in favor of employers. He told of refusing to issue two other charters, one to a former CIO official; and one to Detroit racketeers who offered him \$10,000.

Mr. KENNEDY. * * * in Detroit, did you have any contact or connection with any of the so-called jukebox locals * * *.

Mr. SCHOLLE. Yes * * * in 1940 * * * I learned that * * * one * * * chartered by the United Radio, Electrical and Machine Workers of America * * * representing the employees * * * in the music-box machine operation and * * * the jukebox operators had * * * a system of putting * * * union labels on each machine * * * in each location,

and that their dues, consequently, had been far in excess of the actual number of members that they had.

In other words, they were not collecting a dollar a month dues from men or women as union members * * * they were charging \$1 for a stamp and for the use of the union label stamp on the machine.

This was followed * * * by some of these union members picketing places that did not have the union label on the machine * * * I learned then that it had to be a certain type of machine * * * When I got this information and had established its veracity, I called the officers of this organization together and told them that, amongst other things, I was responsible for the good name of the organization that I represented there, the CIO, and that we could not tolerate this situation (pp. 17443, 17444).

As a result of Scholle's action the charter for Local 737, United Electrical Workers, was revoked. Scholle then disclosed, why organized labor has been unable to eliminate racketeer use of labor unions.

Mr. SCHOLLE. * * * the charter was revoked, and, of course, as far as we were concerned at that period of time, it cleansed the situation * * * I don't know how long it was after that, but I learned again that not identically the same group of people, but for the most part many of them that were associated with it, had blossomed out with another charter unbeknownst to me and the CIO union. This time it was the Retail, Wholesale, and Department Store Employees Union * * * The same practice was engaged in where they were collecting dues not off of members, but off of a union label.

Mr. KENNEDY. This was a union that existed for the help and assistance of the employers, rather than the employees?

Mr. SCHOLLE. Well, very definitely. At least, that was my reaction to it.

Mr. KENNEDY. That was why you took the action against both of these unions at that time?

Mr. SCHOLLE. Well, not only that. But very frankly, it was pursuing a course which, to me, was totally irreconcilable with good union principles (p. 17444).

Scholle was corroborated by Mr. Neil Holland, former president of Local 361, United Retail, Wholesale, and Department Store Employees. He testified that in about 1942 he was asked by Mr. Roy Small to accept Small's association members into his union, and union membership was given to both the employees and the self-employed operators.

Mr. KENNEDY. His people has been in local 737 of the International Union of Electrical, Radio & Machinery Workers of America?

Mr. HOLLAND. That is correct.

Mr. KENNEDY. And then James Newman had said that his international did not want these people in the union, and didn't like their tactics and wanted them to get out?

Mr. HOLLAND. That is my understanding. * * *

* * * * *

Mr. KENNEDY. Did Small, for a period of time, operate the association and the union out of his own office?

* * * * *

* * * The union was completely dominated and controlled by Mr. Small and his group; was it not?

Mr. HOLLAND. Yes, sir; it was.

* * * * *

Mr. KENNEDY. As to the control that the association had over the union * * * Mr. Small, and his group, would decide when pickets would go out * * *.

* * * * *

And they would pay the pickets?

Mr. HOLLAND. Yes, sir. Not always directly, but they did pay them.

Mr. KENNEDY. And the association paid the business agents, did they not?

Mr. HOLLAND. They paid three of them and later paid a part of my salary (pp. 17426-17428).

At least two of the three business agents paid by the association had criminal records. One, Sam LaVigne, subsequently went to work for the Teamsters.

Scholle was able to describe postwar attempts of notorious Detroit racketeers to obtain a union charter. He stated that he was visited three different times by two men and solicited for a charter. He identified them as of a gangster type. He learned they were representing people distributing jukeboxes and not employees. He explained to them that the CIO did not give out charters or sell charters to employees but would grant them only to employees who wanted to be organized or affiliated with the CIO. The men left. On their second visit they said they had signed up their people. When Scholle then explained that he would sit down and bargain with them for the employees the men explained that this would not be necessary and one of the men threw down a roll of bills wrapped in a rubber band and said, "Here is the downpayment. What else does it take?" "We will take care of you." Scholle said, "That is what I am afraid of."

Scholle was told that "there would be 10 grand in it for me." He again refused to issue the charter to them. They made a third visit, which provoked Scholle to say, "Get out and stay out and do not bother me any more."

Mr. KENNEDY. There wasn't any question that these people were desperately in want of a charter at that time?

Mr. SCHOLLE. * * * It just seemed to me that they wanted a charter in the worst possible kind of way (p. 17446).

Shortly thereafter, a charter for Teamster Local 985 was issued.

The CHAIRMAN. So what they didn't get from you, obviously was supplied, a month or so later, by the Teamsters?

Mr. SCHOLLE. That is right (p. 17447).

The reason the racketeers wanted a charter so desperately stemmed from the organization of a jukebox local near the end of World War II. Mr. Joseph Brilliant, a distributor and an operator from 1932 to 1958, and a former president of the employers' association, gave forthright and illuminating testimony about the 20-year fight for control of coin machine operations in Detroit.

Mr. KENNEDY. As president of the operators association during the early 1940's, were you engaged in an effort to fight some of the gangster and racketeering element?

Mr. BRILLIANT. That is right.

* * * * *

Mr. KENNEDY. That tried to obtain control of both the union and the association; is that right?

Mr. BRILLIANT. That is right (p. 17408).

Brilliant explained that the operators feared a Wurlitzer plan of "exclusive dealers" which would make it difficult for most operators to obtain new machines. Therefore,

Mr. BRILLIANT. * * * the operators in the Detroit area, in order to protect themselves, went to Cleveland to find out the workings of an association and how it should function * * * (p. 17409).

(This was the period when Mike Hambergren, Wurlitzer vice president, was making jukebox sales by alliances with the underworld.) Brilliant was corroborated by Mr. Morris Goldman, an operator since 1940, and a former president of the operators association; and by Mr. Victor DeSchryver, who had been in the coin machine business from 1936 until 1958. They and their associates contacted Mr. Leo Dixon, then head of the Ohio association, and Mr. William Presser, then business agent for the IBEW local with which the Ohio operators had a master contract. In January and in March 1945, Presser and Dixon came to Detroit and conferred with the operators on the advisability and methods of a union-association scheme for the protection of the operators.

(Contrary to Presser's statements to a congressional committee, sitting in Detroit in 1953, that he had received only \$200 to \$300 for his "expenses," each of the Detroit operators testified that \$5,000 was collected for Presser. DeSchryver affirmed that his 1946 testimony before the Murphy grand jury that he (DeSchryver) had given \$5,000 to Presser, was correct.) DeSchryver declared that Presser

* * * indicated that the \$5,000 was to cover his expenses and it was our belief that these expenses involved giving money to union officials there in Detroit.

Mr. KENNEDY. Were there any union officials' names mentioned at that time?

Mr. DESCHRYVER. * * * there was a reference made to the union officials on Trumbull Avenue.

Mr. KENNEDY. Now, that, of course, is the Teamster headquarters, is it not?

Mr. DESCHRYVER. I believe it is (p. 17438).

In January 1945 the employers' association signed a sweetheart contract with the newly chartered AFL Federal Local No. 23814.

The operators commenced paying "dues" of 50 cents per machine per month to the union. The head of the local was Eugene C. "Jimmy" Brillant, theretofore an enforcer for and petty official of the Laundry Operators Union in Detroit. James, Mrs. William Presser and Lily Brillant, wife of Presser assistant unionist John Nardi, each obtained an interest in two Detroit jukebox distributorships.

In August 1946, James announced that for the union to "survive," dues would be increased to 70 cents per machine per month. In September 1946, disbursements of \$200 per week were recorded on the union's books as "salary" payments to the maiden names of Mrs. James Hoffa and Mrs. Bert Brennan.

They removed the payroll for approximately 10 months, and received a total of \$6,000. James stated under oath that they did no work and they were removed from the payroll because a grand jury was being formed to investigate labor racketeering.

James had sworn that this was to pay back to Hoffa and Brennan the \$1,000 each purportedly loaned to him to help organize the union. However, Brilliant, then president of the operators' association, who helped to initiate the setup, testified emphatically that all of the organizing expenses were borne by the employers. DeSchryver reaffirmed to the committee his testimony before the Murphy grand jury in 1946:

"In connection with raising the dues in order to make these payoffs to Hoffa and Brennan, was there a raise in dues that was effected to cover that situation from how much to how much?"

"Answer. Actually the increase as well as I can remember was from approximately 50 cents to 70 cents.

"Question. And the stated purpose as told you by James was to create a fund for payment to Hoffa and Brennan; is that correct?"

"Answer. I believe that is correct.

"Question. Well, is there any doubt about it in your mind?"

"Answer. No, sir; there is not."

The CHAIRMAN. Is that the testimony you gave before?

Mr. DESCHRYVER. Yes, sir; that is.

The local paid \$6,000 back to Brennan and Hoffa for their alleged \$2,000 loan. Hoffa explained this as merely a "mixup" which he would not have allowed to happen if he was running the local.

The operators were so pleased with James that at Christmas, 1945, they gave him a Cadillac automobile. In 1946, James' local assumed increasing value to the operators, when the anticipated competition from Wurlitzer machines became an actuality. The association soon learned that the operators putting out Wurlitzer jukeboxes either were backed by or were themselves notorious Detroit hoodlums, headed by Angelo Meli and "Papa John" Priziola.

Commencing in February 1946, the Hammergren-appointed Detroit sales agency of Wurlitzer jukeboxes was the Bilvin Distributing Co. It had obtained its franchise through the efforts of Mr. Harry Graham. By affidavit, he swore to the committee:

I am well acquainted with Milton "Mike" Hammergren, having first met him when he was in charge of the Wurlitzer

retail sales and was resident in Chicago. My acquaintance with Hammergren was widely known, and I believe it is because of this that I was approached by Angelo Meli some time toward the end of 1945 and solicited to obtain for him the Wurlitzer franchise for Detroit and the Michigan territory.

Angelo stated that he wished to have the distributorship so that he could control jukebox operations in Detroit. He said he planned to do this by flooding the market with his machines. In return for my intercession on his behalf, he promised I would head the distributorship he would then set up (p. 17605).

One hundred forty-one thousand dollars was invested in this distributorship by: Angelo Meli, \$46,000; "Papa John" Priziola, \$20,000; Sam Tocco, \$25,000; and William E. Bufalino, \$20,000; \$15,000 more was "borrowed" from Carlo DiLiberto; and \$15,000 was borrowed from Nick Ditta.

Angelo Meli has a long arrest record, and was once designated Detroit public enemy No. 1. Hammergren testified he believed he was dealing with Angelo Meli when giving the distributorship to the Bilvin Co. According to Graham, Hammergren received \$50,000 from Meli in an under-the-table payment for that distributorship.

Hammergren identified pictures of Angelo Meli at a Wurlitzer distributors' meeting at Cross Lake, Minn. He stated that only the principals and key executives of the distributing companies attended those meetings and that, in his opinion, he was dealing with Angelo Meli when he gave the distributorship to Bilvin.

Sam Taran, who had been in the coin-machine business for many years, in many cities, and was acquainted with members of the underworld, testified he understood that Angelo Meli had gotten the Wurlitzer franchise in Detroit.

Bilvin was fronted by Sam J. Tocco and William E. Bufalino.

Although Tocco denied that Angelo Meli controlled the distributorship, the evidence seemed clear. In addition to that recited, the committee learned that James testified before the Murphy grand jury that when he tried to—

talk to anybody in authority (at Bilvin) * * * they would refer me to Joe Doakes, and I could never get hold of the right man, and I put a picket line on the place May 23 to June 7, 1946, and I got hold of the right man * * * Angelo Meli (p. 17490).

Several other investors in Bilvin were key underworld figures. Priziola was identified by District Supervisor Charles Siragusa, Federal Bureau of Narcotics:

Mr. SIRAGUSA. Priziola—we consider him to be probably the most important trafficker out of Detroit, among the leading traffickers in the United States. His gang has been supplying outlets in New York City for many years, one of the largest criminal New York City outlets for heroin, received from the Priziola gang.

* * * * *

* * * He has a total of 20 arrests and three convictions, dating back from 1917. * * *

* * * * *
 Mr. KENNEDY. * * * From the records that you have, and the work that you have done, you have established him as a major figure in narcotics in the country?

Mr. SIRAGUSA. Not only a major figure in the narcotics traffic, but * * * in the bootlegging racket, numbers, gambling (pp. 17455-17456).

Priziola was present with counsel during this and additional testimony about his nefarious activities.

The CHAIRMAN. Has the witness testified to anything about you that isn't true?

Mr. PRIZIOLA. I decline to answer on the ground I might incriminate myself (pp. 17467, 17468).

Both Ditta and DiLiberto had achieved long criminal records prior to their affiliation with Bufalino in the jukebox business. Tocco stated that he got his money by borrowing \$9,500 from an uncle, Frank Cusmano; \$5,000 from his uncle, Sam Viviano; \$5,000 from a friend, James Signorello; and put up the remainder of his \$25,000 investment from his savings. For each instance he could give no evidence of his indebtedness and claimed that he borrowed the money in cash and believed he paid it back in cash.

William E. Bufalino, who had married a niece of Angelo Meli, testified that he had invested \$20,000 in Bilvin. Fifteen thousand dollars of this was borrowed from the Liberty Bank of Pittston, Pa., on the guarantee of Santo Volpe. (In 1932 New York City police, investigating the Bazzano murder, arrested Volpe and several hoodlum companions, including Albert Anastasia and "Bath Beach" Johnny. Pennsylvania police authorities knew Volpe as one of the most powerful gangsters in their State; and he was widely reputed to be the head of the Mafia in that section of the country.)

Thus Angelo Meli, a leading racketeer, invested more than Sam Tocco and William Bufalino together, of the total amount stated to have been invested in this company, and more than 80 percent came from notorious Detroit criminals. (This is of significance for understanding the future operations of William Bufalino and his relationship with Hoffa, for it illuminates the close ties Hoffa has with the underworld and, in turn, the influence of the underworld on Teamster operations. In 1947 Bufalino obtained control of Teamster Local 985.)

Neither Tocco nor Bufalino was very responsive in telling the committee about the formation of Bilvin; and their testimony was inconsistent. For example:

Mr. KENNEDY. * * * Tocco * * * the other stockholder in the company * * * testified this afternoon that he was never aware that Mr. Angelo Meli had put any money into this corporation. Will you explain that to us?

Mr. BUFALINO. No. I don't have any explanation. He is going to have to explain his answers. I will explain mine * * *

* * * * *

The CHAIRMAN. The question is whether the company would borrow some \$46,000 from this man Meli without Mr. Sam Tocco, the other partner or the other owner of the company, knowing about it?

Mr. BUFALINO. Well, I actually don't even know * * * (p. 17624).

Bilvin's articles of incorporation, sworn to by Bufalino and Tocco on February 8, 1946, disclosed the names of the incorporators and the number and class of shares subscribed for by each as follows: William E. Bufalino, 300 common, and Samuel J. Tocco, 300 common.

As late as November 17, 1946, stock had not been issued. The original subscribers for that stock, according to Bufalino, were "Angelo Meli, myself, John Priziola, and Sammy Tocco."

Bufalino's sponsors were able to obtain a substantial share of Detroit's jukebox operations because in 1946 Wurlitzer was the only manufacturer producing sizable quantities of new jukeboxes. With their offerings to locations of new jukeboxes they had a tremendous advantage over competing operators. Bilvin took advantage of this by restricting its sales almost exclusively to its 10 affiliated operating companies, and to other hoodlum-controlled operators.

This group included the TD Music Co., owned by Dominic "Sparky" Corrado; Meltone Music Co., financed by Angelo Meli for some \$30,000 and headed by his nephew, Vincent Meli; Jay-Cee Music Co., owned by Pete Tocco and Raffaele Quasarano, Sam's Music Co., owned by "Black Shirt" Sam Ciamataro; and Arizona Music Co., owned by Mono Minaudo and Dominic J. Maltese.

Notwithstanding their offers of new jukeboxes, however, the Bilvin group discovered that when James' union picketed locations accepting new Wurlitzers, location owners preferred old jukeboxes with union labels to new Wurlitzers without them. (For this reason the hoodlums solicited Scholle for a union charter with which to fight James.) Nonetheless by violence and threats of violence, the hoodlum-owned companies had placed more than 1,200 jukeboxes on location by May 1947. James' operators realized they could not buck Meli's group. Morris Goldman, president of the MAPOA and his colleagues met with Bufalino and agreed to allow him and his henchmen to join the association and the union, without returning to association members the locations taken from them, as required by association bylaws.

Goldman was asked whether he had a meeting with James to discuss recognizing Bufalino and allowing him to come into the union. He said he did and—

Mr. GOLDMAN. It seemed that Mr. James could not control our industry. He had no power to do anything, and after meeting with Bill Bufalino he came up and said that he could find harmony in the industry if we would recognize Mr. Bufalino as his assistant; that the 1,200 locations that we lost we were to forget about, and from then on he would have Mr. Bufalino as his assistant to take care of the boys that were operating those 1,200 pieces * * * Mr. Jimmy James was, of course, to help keep us in harmony as far as our group was concerned.

Mr. KENNEDY. This would be a complete surrender on your behalf?

Mr. GOLDMAN. That is right (p. 17475).

Asked why he agreed to take in operating companies operated by underworld figures or relatives of underworld figures, having Bufalino as a union official and giving up the 1,200 locations lost by his group, he replied,

Well, we were told by the liquor control commission that if we didn't clean up our industry that all jukeboxes were going to be thrown out of bars in the entire State.

Mr. KENNEDY. Is cleaning up your industry bringing into the association this underworld group?

Mr. GOLDMAN. Well, it meant to stop the jumping, to alleviate chaos that had come into the city.

Mr. KENNEDY. It involved complete capitulation on your behalf, did it not?

Mr. GOLDMAN. It did; yes.

Mr. KENNEDY. Who did you understand that Mr. Bufalino was going to represent as a member of the union, as an official of the union?

Mr. GOLDMAN. He was going to represent the Italian group that was interested in jukeboxes at that time.

Mr. KENNEDY. And when you speak of the Italian group, you are speaking about the Italian group which are the underworld figures?

Mr. GOLDMAN. That was the four or five companies that were affiliated with the Bilvin Distributing (pp. 17475, 17476).

On May 14, Bilvin terminated its Wurlitzer franchise and on June 20 it closed its accounts. Between those two dates a series of events took place which indicated that Meli's group, having succeeded in placing their machines on location, sought to protect them with a controlled union. Again Bufalino functioned as front man.

In the spring of 1947, the charter for James' union was revoked. Nonetheless, the operators continued to pay their dues to James' office, James continued to operate in the same manner as he had before, and he did not terminate his tenancy in the Francis Palm Building although he had no legal basis for claiming to be a union officer.

On May 27 he ordered the office door relettered "Service Drivers and Helpers Division, Local 985 International Brotherhood of Teamsters, E. C. James, President."

On May 30, Goldman stated he would recognize the new jukebox union.

On June 3, 1947, a charter for local 985, Teamsters, was fraudulently obtained by Hoffa personally for the use of Bufalino and his sponsors. The original charter for 985 was issued on the 1941 application of a group of 12 men led by one Alvin Ogilvie, who wished to call themselves "Car Washers, Garage, Porters and Tire Changers." Upon this original application the "revised" charter was issued. It is significant that:

First, none of the original 12 applicants were ever members of the new local 985;

Second, the name of Eugene James was substituted for that of Alvin Ogilvie as "charter member;"

Third, the name of the local was changed to "Service Drivers and Helpers, Car Washers & Garage Employees;"

Fourth, the charter and seal were sent to James Langley as secretary-treasurer of local 985. His name never thereafter appears as an officer or member of the local. James Langley is Hoffa's brother-in-law;

Fifth, the letter from Teamster headquarters dated June 3, 1947, states that Hoffa paid for the charter, seal, and stamp and personally picked them up; and

Sixth, the recognition of the local by the operators at least 1 week prior to the issuance of the charter implied strongly that a deal had been made with the Teamsters to obtain a "jukebox" and not a "garage helpers" local.

The Teamsters method for obtaining their vaunted position as America's largest union is illustrated by their assumption of control over Detroit's coin-machine workers.

Although nowhere in the charter issued to local 985 is there any mention of coin-machine mechanics, operators, or employers, the first group organized into the union—and by means of a sweetheart top-down contract—were jukebox employees, cigarette machine workers, amusement machine mechanics, and self-employed operators.

At the time of this hearing more than half of the members in the local's "coin machine division" were self-employed. Goldman, an owner-operator, was queried by Mr. Kennedy as to what the union could do for him in return for his membership and his dues payments.

Mr. GOLDMAN. Take my dues and keep me informed as to when their meeting dates are. That is all they can do for us (p. 17480).

He conceded that he belonged because he was afraid of the Teamsters.

The CHAIRMAN. It is that kind of economic power and threat they have over you that compels you to pay money for nothing?

Mr. GOLDMAN. That is right.

The CHAIRMAN. Except to get relief from fear and intimidation?

Mr. GOLDMAN. That is right.

Senator CURTIS. What could they do?

* * * * *

Mr. GOLDMAN. Well, they have the power of pickets if we do not pay dues * * * when you go into a location the man says, "Well, I am sorry; you are not a union member. I want a union member in my place. Please remove your box."

Senator CURTIS. What happens if they put pickets around you? Would it cut off your business then?

Mr. GOLDMAN. Well, they cut off the supply to the location (p. 17480).

This pressure was described by Mr. Sigfrid Johnson, a tavern owner. He bought a tavern in May 1957, and he wished to install a pool table. He also asked a vending machine salesman friend to install a jukebox.

He asked the company that had a jukebox in the tavern to remove it. He then received a telephone call from someone who identified himself as,

Mr. JOHNSON. * * * John Welsh from the Teamsters * * * he asked me if I was having trouble with the jukebox, and I told him that I wasn't (p. 17510).

Nonetheless, Bufalino associate Chuck Morgan called upon Johnson.

Mr. JOHNSON. Well, he represented some jukebox organization that the man belonged to whose machine I was sending out.

He informed me that the fellow that I was trying to put in there was not a union member, and I was asking for trouble, and so forth and so on, that he was going to put a picket line up and stop my supplies if I didn't go along with the original West Music Co.

Mr. KENNEDY. Did you question him as to how the association, the representative of the association, could put up a picket line?

Mr. JOHNSON. No, I didn't but I had had the call from Welsh and from the Teamsters, so I just assumed that they were all in the same boat (p. 17510).

With the inferences of trouble that could result in his being put out of business, Johnson decided that his friend should remove his jukebox and the original jukebox would remain. He capitulated also to Morgan's request that the cigarette machine in the tavern be removed. Significantly, Morgan returned with a machine from a different operator, the G. & G. Vending Co., ostensibly owned by Arthur Gallo and Romero Gallo. Gallo is an ex-con with six arrests and three convictions, including a 10-year sentence for possession and sale of narcotics. From January to December 1952 he was secretary-treasurer of Teamsters Local 985. G. & G. Vending operated from the premises of Vincent Meli's Meltone Music Co. For a period of time Vincent Meli was a partner of record in G. & G. This incident was an excellent example of a leading operator's explanation of why he had left the coin machine business in 1958.

Mr. BRILLIANT. They were harassing my locations, and bothering them, and walking in and offering them different considerations, and better machines, and so forth * * * until it became unbearable (p. 17423).

He found that Bufalino was favoring his friends and relatives and not enforcing an equal treatment for all of the operators. This was contrary to expectations based upon a statement made by Hoffa to the operators in 1947, when Bufalino had assumed the position of business manager of local 985.

Mr. BRILLIANT. We had one meeting, Mr. Hoffa brought us into his office and there were seven or eight members, and Mr. Bufalino, and myself. He told Mr. Bufalino to run a clean union and not to favor anybody. We thought it was a very nice speech.

*

*

*

*

*

Mr. KENNEDY. Did Mr. Bufalino favor his relatives?

Mr. BRILLIANT. He sure did.

* * * * *

Mr. KENNEDY. Would you tell us * * * what happened then, after the meeting you had with Mr. Hoffa and Mr. Bufalino, and Mr. Bufalino was told not to favor any group, including his relatives, and you left the meeting? Did you have difficulty with Mr. Bufalino shortly afterwards?

Mr. BRILLIANT. Yes. After that the Jay-Cee and T-D Music and Meltone Music kept on jumping locations here and there, and nothing was done about it (pp. 17421, 17422).

Not only did local 985 fail to keep its promise to aid the self-employed operators; it failed, also, to aid the employees. The contract the association signed with local 985 on June 20, 1947, was for five years, provided for wages less than were being paid by jukebox operators, and was never policed or enforced against the possibility of operators paying less than the required wage.

(Worse than its failure to aid the employees in the coin-machine division was local 985's frightful exploitation of employees in its carwash division. Testimony showed conclusively that those carwash owners contracting with local 985 gave their employees a lower wage after they signed the contract. The contract itself provided only that the employees would get wages no lower than nor work longer hours than allowed by Michigan law. However, the workers were forced to pay 10 cents per day to the local, which did nothing but further degrade their already substandard wage and working conditions. The local's records showed that many dues-paying carwash employees were neither carried on the books nor having "per capita tax" paid to the international to establish their Teamster membership. Close examination disclosed that the union was reporting on a number of employees necessary to make up the ostensible total amount of dues collected, as required by the monthly tax of \$4 per capita and omitting the names of employees not needed to fill the quota.

The CHAIRMAN. In other words, there is a fraud being perpetrated on the international or on the people who work, by taking money from them as dues, and not carrying them as members?

Mr. BELLINO. Yes, sir. I would say these records are completely phony.

Mr. KENNEDY. It is a fraud completely on the employees. It might be a fraud on the international, but it is a fraud on the employees who pay these dues.

Mr. BELLINO. Yes, sir. They would not be entitled to any benefit whatsoever.

Mr. KENNEDY. These people are not even being carried on the union books and records?

Mr. BELLINO. That is right.

Mr. KENNEDY. All this union is, as far as the car wash division, their biggest division, all it is is a collection agency.

Mr. BELLINO. Yes, sir.

* * * * *

Mr. KENNEDY. Mr. Chairman, this is a worse situation, even, than we found when we investigated the operations of the union of Johnny Dioguardi in New York.

* * * * *

Here, * * * these employees were receiving \$25 a week for a 70-hour week in some cases, and in New York, when we investigated the operations of Johnny Dioguardi and his fellow so-called unionists, they were at least receiving \$40 or \$41 a week for a 40-hour week (pp. 17669, 17670).

Notwithstanding the lack of benefits to employees or employers, local 985 obtained membership not only by cutting off supplies to locations, thus enforcing a secondary boycott against jukebox operators; but, when that failed, by the more direct method of bombing. These bombings were never solved, nor was the blame carried by any evidence to Bufalino's doorstep. However, it was clear in the minds of several bomb victims that a bombing of their shops followed their resistance to negotiating a contract with Bufalino. Employers in both the coin machine and carwash businesses testified to the same unique sequence of events.

Significantly, Bufalino did not force the unionization of Meltone Music Co., owned by his brother-in-law, Vincent Meli, with whom, along with the attorney for the coin machine employers association, he was in partnership on several land speculations. Neither did he force the unionization of TD Cigarette Co. owned by Sparky Corrado, too great a power in Detroit's underworld circles to need Bufalino's ostensible protection or be required to pay tribute to him.

Brilliant testified he was eventually forced out of business because the hoodlums kept taking

* * * One good stop 1 week and 2 weeks later another one, and 3 weeks later another one, and they just kept on hammering until you couldn't take it any more.

Mr. KENNEDY. And finally forced you out of business?

Mr. BRILLIANT. That is right (p. 17424).

Asked if any Teamster officials were in the coin machine business, he replied,

Mr. BRILLIANT. * * * I don't know if it was a group but individually * * * four or five Teamster agents went into the jukebox business, and they started taking locations one at a time, from everybody.

Mr. KENNEDY. Were they difficult to compete with?

Mr. BRILLIANT. I should say they were.

Mr. KENNEDY. Would you explain what the problem was?

Mr. BRILLIANT. There was nothing explained, they would walk in and talk to the location and tell them they would help him out, and wouldn't have any trouble, and so forth, and they just put in a new machine, and you were called and told to take yours out.

Mr. KENNEDY. That was competition that was impossible to meet?

Mr. BRILLIANT. It was impossible to compete with (p. 17424).

Among this group were Cecil Watts and Morris Coleman, business agents of Bert Brennan's local 337 and Lawrence Welsh, Bufalino's chief henchman. Each is an ex-convict. Welsh had been in the coin machine business operating a route of scales and penny vending machines. He forced a small vending machine operator to purchase them for more than the going market price; and the operator quickly found that "all of the locations in which the machines were placed no longer wished to have those machines once Welsh was not behind them."

Watts, using his wife's name after his early attempts to be licensed had been disallowed because of his criminal record, started in the jukebox and amusement machine business in 1953. His sales appeal included the use of a business card with the Teamster seal embossed upon it.

In the same year Coleman went into the business of vending cigarettes, candies, coffee and placing jukeboxes. By 1957 his gross sales exceeded \$150,000.

When questioned, each invoked the 5th amendment to every question asked. Each stated also that they would tend to incriminate themselves if they told their occupation.

Bufalino engaged in activities grossly in conflict with his oft-proclaimed role of union official whose business it was to " * * * represent the workingmen." He maintained a separate office as a "Labor Consultant"; he held ownership interests in several coin machine operations; and he joined with a large jukebox operator and the attorney for the employers' association in companies holding and managing real property in the city of Detroit.

Bufalino's stewardship of his local reflected his criminal sponsorship. On the record Bufalino receives a salary of some \$20,000 plus an unlimited expense account. Included in moneys going to Bufalino from union funds are expenses which appear to serve only his private purposes and not those of the union membership. The committee found that among expenditures of doubtful propriety was the purchase of a law library, although Bufalino is not licensed to practice law in Michigan, having been rejected three times by the Michigan Bar Association. Bufalino, in addition to a generous expense account and a union-purchased Cadillac, also received substantial sums of money from Detroit Teamsters Locals 299 and 985 for "legal services," including payments of hotel bills while in attendance at Hoffa trials in Washington, D.C., and New York City, totaling \$13,749.20 for the years 1957 and 1958, although he was not a member of the bar of the District of Columbia, the State of New York or the State of Michigan.

Bufalino complained before the committee that he had been associated unjustly with underworld figures that had met at Apalachin, N.Y., in November 1957. However, he refused to deny under oath that a relationship did exist between him and, among others, Russell Bufalino. The committee discovered a letter Bufalino wrote to the Billboard after the Apalachin meeting, in which he extolled the virtues of Russell Bufalino, a man he stated he had known all his life. Testimony established that Bufalino was closely associated in business with hoodlums and racketeers.

The committee's reaction was summarized at the termination of Bufalino's testimony:

The CHAIRMAN. * * * The operations of Local 985 of the Teamsters Union, headed by Mr. Hoffa's associate, William E. Bufalino, represent a most disgraceful type of unionism. It is a leech preying upon working men and women to provide personal aggrandizement for Mr. Bufalino and his friends * * * nowhere in this hearing is there to be found one scintilla of evidence that local 985 has done anything to help the wages and working conditions of its members in these industries. To the contrary * * * members of Mr. Bufalino's local had their wages drastically reduced after they became union members and their employers signed contracts with local 985.

* * * the operations of local 985 amount to nothing less than a shakedown and extortion of businessmen.

* * * they perpetrate a dastardly fraud upon human beings the way this union operates. I don't want any misunderstanding about the Chair's conclusion * * *

It is also clearly shown that Bufalino got his start in the jukebox business in 1946 in partnership with and with the backing of certain key figures of the Detroit underworld. * * * jukebox companies operating with underworld backing have also had the assistance of Mr. Bufalino.

Thus we find a union in alliance with racketeers and which fails to in any way exercise the proper obligations of labor unionism toward its members and toward the community (p. 17678).

VII. JEFFERSON PARISH, LA.

Underworld roadblocks to legitimate trade unionism were related in our hearing on jukebox, pinball, and slot machine activities in Jefferson Parish where threats, coercion, and alliances with corrupt public officials enabled racketeers to achieve control of the business and to thwart attempts to unionize it.

Mr. Aaron Kohn, former special agent of the FBI, widely experienced as an investigator, and counsel for citizen reform groups and, presently, managing director of the Metropolitan Crime Commission of New Orleans, Inc., testified:

Our labor union organization has not yet caught up * * * One of the things that might logically discourage * * * organization would be * * * that * * * workers might well be discouraged from identifying themselves with anything * * * in conflict with the interests of corrupt officials and the racketeers in their alliances.

* * * for example, * * * in the jukebox-pinball area * * * many persons who might otherwise be interested in joining a labor union would think mighty, mighty long before identifying themselves with something which might,

just might, displease the Carlos Marcello mob, who have a major interest in that industry (p. 17225).

* * * * *

* * * there have been two very timid attempts, one by the Electrical Workers some years ago, and then by the Teamsters a couple of years ago. They made no real aggressive effort to continue organization * * *

Mr. KENNEDY. Because of this close tie-in that exists already between management, gangsters, and certain public officials, there has been no need to try to bring in, nor attempt to bring in, a corrupt labor union, No. 1, and the honest labor unions have a difficult time moving in because of the fact there is such control and domination of the area by these groups.

Mr. KOHN. I would say that to be accurate, Mr. Kennedy (p. 17225).

Kohn described how the entire industry in the area was dominated by key underworld figure Carlos Marcello, and how Marcello had corrupted local law enforcement officials, including the new "reform sheriff":

Mr. KOHN. Within a matter of weeks after Sheriff Coci took office, in June 1956, his two chief deputies, his chief criminal deputy and chief civil deputy, were calling on bars and restaurants * * * ordering them to move out their present jukeboxes and pinball machines, and advising them that new ones would be supplied by the Marcello-controlled companies.

They were given the alternative of doing that or being harassed by police raids.

* * * * *

* * * many of the locations * * * in this muscling process were on record as having Federal gambling stamps * * * for coin-operated devices. One * * * was told, "Put in our machines or we will close up your handbook" (pp. 17236, 17237).

Walter Richardson, Jefferson Parish bar and restaurant owner, testified he had been renting a jukebox from operator Al Dargis for 8 years. Shortly after Sheriff Coci's election in June 1956, two deputy sheriffs visited his bar.

Mr. RICHARDSON. * * * They told me, "You have to use our equipment because we are taking over." I said, "No, * * * I have been dealing with this man since I went into * * * business and I am not going to take his box out of my place." They said, "Oh, yes, you are, or we will put pressure on you" (p. 17239).

* * * * *

Mr. KENNEDY. Did they then start raiding your bar?

Mr. RICHARDSON. Yes, sir. Practically every weekend, Friday, Saturday, and sometimes on Sunday, but practically every Friday and Saturday, around 3 or 4 weeks.

Mr. KENNEDY. Started putting on the pressure * * * and started searching your customers?

Mr. RICHARDSON. * * * Yes, sir.

* * * * *

They kept on raiding * * * about a month and a half or so.

Mr. KENNEDY. Every weekend?

Mr. RICHARDSON. Yes, sir.

Senator CURTIS. Did they ever find any unlawful activity going on there that would sustain a charge?

Mr. RICHARDSON. Never have. I never did have any trouble with them before they came there to see me about the box and I have been in the bar business 8½ years (pp. 17241, 17242, 17244).

Richardson finally went to his attorney, obtained a restraining order against the sheriff and has not since been bothered (pp. 17241-17244).

Richard J. Gillen owned two bars having coin machines of the New Orleans Novelty Co., the Manhattan Amusement Co., and Clem Guillot. In the summer of 1956 he was visited by Albert Huffine, general manager of Huey Distributing Co. Huffine told Gillen to " * * * patronize Jefferson Parish men." Gillen switched to Huey machines. An obviously reluctant witness, Gillen was asked:

Mr. KENNEDY. * * * What was it that the man said to you that you felt it advisable to get the Huey Co. machines in there? * * *

Mr. GILLEN. Well, I mean, he just said he was from Jefferson.

Mr. KENNEDY. Did he indicate to you at all that he knew the right people or the people behind him knew the right people?

Mr. GILLEN. No, he just said he had the OK, which was good enough for me.

* * * * *

Mr. KENNEDY. * * * Who did you think he got the OK from?

Mr. GILLEN. I wouldn't know. I imagine he got it from somebody high up.

Mr. KENNEDY. High up where?

* * * * *

Mr. GILLEN. Well, you got the district attorney, you got the sheriff, and most any one of those.

Mr. KENNEDY. You thought it was one of these people he had gotten the OK from?

Mr. GILLEN. Well, I imagine so (pp. 17247, 17248).

Mr. KENNEDY. What kind of machines did the Huey Distributing Co. put in there?

Mr. GILLEN. Keening Console machines * * * A slot machine type * * * but it doesn't pay off (p. 17248).

Gillen admitted it registered "free games" and,

Well, if we know you we may pay you. If we don't know you we will tell you we don't pay off. We have signs on the machines.

Mr. KENNEDY. Is gambling illegal?

Mr. GILLEN. I imagine so.

Mr. KENNEDY. Has anybody ever raided you since the honest—

* * * Since the new sheriff came in, since the man from Huey came in and said, "We have the OK," * * *

Mr. GILLEN. No (pp. 17248, 17249).

Gillen admitted adjoining his restaurant he operated a handbook which was equally immune to prosecution.

"Reform" Sheriff William S. Coci was advised that testimony derogatory to him might be given, and was offered the opportunity to testify. His sole response was a telegram to the chairman, reading:

Re your telegram: Regret that due to prior important engagements will not be able to accept your invitation to attend meeting. Signed William S. Coci (p. 17237).

Kohn testified that Marcello was the principal owner of several coin machine operations, including Huey Distributing Co. He classified Marcello as "one of the wealthiest men in Louisiana today", and traced his 20-year financial growth, from when he pleaded poverty to settle for \$400 a \$76,000 Federal fine, to his present holdings known to the New Orleans Crime Commission. These include coin machine distributing and operating companies, real estate, hotels and motels, and building contracting businesses.

Kohn uncovered another significant facet of Marcello's operations:

An FCC license to operate a two-way shortwave radio station in the vicinity of Gretna, La. was issued to Vincent Marcello, doing business as Jefferson Music Co. Ostensibly, this grant was to enable the dispatch of radio-equipped trucks servicing its 780 jukeboxes and 270 other coin machines. However, in reply to an FCC inquiry, Vincent stated that his brother Carlos owned 50 percent of the company. Carlos is an alien, and FCC regulations forbid station ownership by such persons. The crime commission informed the FCC it had granted a license to persons operating a wire service supplying to gamblers in Louisiana and elsewhere the race results needed to operate illegal handbook betting.

Kohn explained that radio was a perfect medium for distributing information for Marcello-controlled gambling. He declared that while the license was in force, slot machines and horse race machines bearing Jefferson Music Co. labels were operating in Jefferson Parish. So, too were the company's pinball machines, which were used almost exclusively for illegal gambling.

Mr. KENNEDY. This radio station granted by the Federal Communications Commission is given * * * to service, among others, * * * pinball machines * * * operating illegally?

Mr. KOHN. That is correct.

* * * * *

Senator CURTIS. * * * Is it the belief that this radio license would be used to disseminate gambling information, that, * * * it would be a direct part of the gambling apparatus?

Mr. KOHN. In connection with * * * their use in servicing gambling coin devices, this would exist. * * * whether or not they were or will use, in fact, the radio system for conveying horse race results, * * * is not the issue.

Placing a gun in the hands of a known killer by license is not a very sensible thing to do in protection of others. Placing a means of communication, widespread communication, in the hands of those known to use means of communication for illicit purposes, we believe, lacks the same kind of defense (pp. 17233, 17234).

Carlos Marcello was questioned about these matters. He invoked the fifth amendment continually and declined to answer whether he had any financial arrangements with Sheriff Coci; whether he had attempted to keep the IBEW or any other union organization from organizing in the area; whether he was operating coin machines in Louisiana; whether he was acquainted with Joe Civello, of Dallas, Tex. (a delegate to the criminal conclave at Apalachin, N.Y.); whether he had been in partnership with Frank Costello, "Dandy Phil" Kastel and other notorious criminals; and whether he was a citizen of the United States.

Evidence showed Marcello had been born in Tunis, north Africa; had never become naturalized; and, although ordered deported in 1953, had still not been expelled from the country.

Senator Ervin asked:

I would like to know how * * * a man who has been convicted of two felonies of such a serious nature as robbery and the sale of marijuana; * * * can stay in the United States * * * The American people are entitled to more protection at the hands of the law than to have an undesirable alien who has committed serious felonies remain in this country for 5 years, 9 months, 24 days after he has been ordered deported * * * (p. 17265).

Marcello's lawyer explained how he had been able to stay deportation proceedings by court appeals. When Senator Curtis asked: "How much money have you spent resisting deportation?", Marcello invoked the fifth amendment.

VIII. LOS ANGELES AND VICINITY

The committee's inquiry of improper activities occurring in the Los Angeles area was particularly illuminating because of the forthright testimony of several victims of organized mobsters.

A. JUKEBOX OPERATIONS

Mr. Hal Sherry, former official of Local 1052, International Brotherhood of Electrical Workers, testified that he helped to organize that local at the behest of the Southern California Music Operators Association (of employers). Sherry became the paid business manager of the local.

Mr. KENNEDY. The union was set up and established in order to protect these locations; is that right?

Mr. SHERRY. Yes. * * *

* * * * *

Senator CURTIS. Is it true that you required an individual who owned his own machine and serviced it himself to join the union?

Mr. SHERRY. Yes, sir.

Senator CURTIS. Even though he had no employees?

Mr. SHERRY. Yes, sir; regardless (p. 17271).

Sherry described how the union pressured the locations in order to control nonassociation operators.

Mr. KENNEDY. If he didn't have a label on the machine, he couldn't get service?

Mr. SHERRY. That is right. But we also tried to stop his deliveries. * * *

Mr. KENNEDY. * * * even a person who owned his own machine?

Mr. SHERRY. Yes, sir.

Mr. KENNEDY. In order to finance this union, you sold these labels. * * *

Mr. SHERRY. Yes; we did.

* * * * *

Mr. KENNEDY. All the operators, in order to get the servicing, this help and assistance from the union, had to have a label on their machine?

Mr. SHERRY. Yes, sir. * * *

Mr. KENNEDY. * * * the individuals who made up the association, the employers, were the same as the people who made up the union?

Mr. SHERRY. Yes, sir (p. 17272).

(In February 1952 the local stopped selling labels because the Los Angeles Central Labor Council refused to recognize a picket line on behalf of such label sales.)

In 1950, Joseph Peskin (also known as "Sugar Joe" because he was the major supplier of sugar to the Capone mob's bootlegging operations), one of the earliest and largest of Chicago's jukebox operators, came to Los Angeles with a franchise to distribute AMI machines. (Peskin was well acquainted with the values of association-union collusion from his own role in setting up the enforcement scheme the Illinois Phonograph Owners Association had with Local 134, IBEW.) He ordered Sherry's group to take him into the union, and demanded that each member buy a specified monthly quota of AMI jukeboxes. When they rejected Peskin's ultimatum, he renewed his demand and threatened to enforce it through a former strongarm man for the Chicago Tavern Association named Jaffe. When this failed, Peskin formed an alliance with Frank Matula, head of Local 396, Teamsters, and the Teamsters began raiding locations having IBEW labels. Sherry's union then picketed the Teamsters' building. After 9 months they ran out of money and local 396 took over the field. (Last year the committee heard about Matula's union activities to control the

garbage industry in Los Angeles on behalf of favored garbage collectors. Currently, Matula is in jail on a perjury charge. He was recently named an international trustee by James R. Hoffa.)

Two other underworld attempts to take over Sherry's local reflected the influence of hoodlum Mickey Cohen:

Sherry testified that six men entered his union office. One threatened him with a .45-caliber pistol. He was told to "step out" of the union because Mickey Cohen was "taking over." Sherry refused and never saw or heard again from these men.

Later, during the picketing and legal battles with the Teamsters, Sherry was approached by Jack Fox, who boasted he had "organized" Chicago delicatessen owners. Fox offered to help Sherry organize more jukebox operators in Los Angeles and to get a prominent Los Angeles attorney to prosecute the local's cases against the Teamsters. In return, Fox and Larry Di Caro were to go on the union's payroll as organizers. (Fox and Di Caro possess criminal records, and Di Caro is a known associate of Cohen's henchmen, the notorious Sica brothers.)

Mr. KENNEDY. And in back of this whole arrangement was supposed to have been Mickey Cohen?

Mr. SHERRY. It was supposed to have been made by Mickey Cohen at a poolside conference.

Mr. KENNEDY. Who related to you that this decision had been made?

Mr. SHERRY. Jack Fox (p. 17277).

Di Caro was put on the payroll and paid on the basis of the number of members he brought into the union, "Actually a commission deal."

Mr. KENNEDY. How did that work out?

Mr. SHERRY. We had to let him go for * * * Fox * * * gave us an ultimatum, * * * that he and Glenn Lane, the attorney, had decided that Fox was to * * * take over the union or at least be in there on an equal basis or Lane would drop our cases in court, which he did do, because we wouldn't accept Fox and we immediately discharged, fired Di Caro (p. 17278).

Sherry's fourth experience with the underworld resulted in his departure from the field of labor relations.

In 1952, Sherry was attempting to extend his local's jurisdiction to San Diego. Shortly after his arrival there, he received a telephone call telling him to meet that night with Frank Bompensiero, notorious syndicate leader in southern California. (At the time of this hearing he was serving a 6-month to 14-year sentence for conspiring to bribe public officers. He had two prior convictions and nine arrests on his criminal record, including charges of gambling, kidnapping, and murder.) At that meeting Bompensiero declared that unless he was cut in for 50 percent, Sherry would not be allowed to organize in San Diego.

Mr. SHERRY. The conversation went about like this: I told Frank Bompensiero that he looked like a pretty smart man. He must know that a labor union couldn't do anything like

that. We have to send per capita tax into the international, that there would be no way of splitting that if we wanted to; that we would go ahead with the organizing. They warned me not to, and I left (p. 17279).

Sherry continued his organizing activity through the next day. That night he was visited by three big men. He testified:

* * * they manhandled me a little. They had a hammer, and they had a large object. They took my clothes off, inserted the object and used the hammer and handle at which time I passed out.

Mr. KENNEDY. This was a cucumber?

Mr. SHERRY. Yes, sir, it was.

Mr. KENNEDY. A large cucumber?

Mr. SHERRY. Yes, sir. And about 6:30 in the morning I came to, I was laying on the floor. I had laid there all night, in a pool of blood (p. 17279).

After surgery and hospitalization Sherry was able to return to his Los Angeles office.

Mr. SHERRY. * * * Frank Bompensiero sent a couple of telegrams up to the local union, insisting that, in the first telegram, that if we came down to organize, he would insist that he go in 50-50. Then he sent another telegram to the local stating that he would come up to talk the matter over, but he never arrived. That was the end of it.

Mr. KENNEDY. Did you ever go back?

Mr. SHERRY. No, sir. The executive board insisted that I not go back.

The CHAIRMAN. Are they still unorganized?

Mr. SHERRY. No, sir; the Teamsters have them down there.

The CHAIRMAN. The Teamsters have them?

Mr. SHERRY. Yes, sir (p. 17280).

On January 15, 1953, the IBEW revoked the charter of local 1052.

Mr. KENNEDY. The IBEW came in and lifted your charter?

Mr. SHERRY. Yes, sir.

Mr. KENNEDY. And turned the jurisdiction over to the Teamsters?

Mr. SHERRY. Well, they didn't exactly turn it over. They left it for anyone who would take it.

Mr. KENNEDY. The Teamsters now have it?

Mr. SHERRY. Yes, sir.

Mr. KENNEDY. Is the situation as you know it today similar to what you have described?

Mr. SHERRY. It is much worse, sir. Very sincerely, Mr. Kennedy, we cleaned up the area a great deal. We had a pretty good operation there and we didn't have any known hoodlums in our local. It was pretty clear. But things have gone back to where they were, now, I am so told.

Mr. KENNEDY. Your method of procedure was hardly a proper one.

Mr. SHERRY. It was wrong. I will agree there, but nevertheless, it was an evil that did some good (p. 17281).

B. CIGARETTE VENDING OPERATIONS

Underworld extortions from Los Angeles coin machine operations postdated Mr. Sherry's experiences. An incident disclosed to the committee the continued depredations of Mickey Cohen and his coterie of felons.

During late 1957, two cigarette machine vending companies, engaged in a "location war" to obtain "spots" belonging to the other. Rowe Service Co. (a subsidiary of Automatic Canteen Co. of America), with 2,700 cigarette machines on location was the largest operator in Los Angeles, if not the State of California.

Coast Cigarette Vendors (a subsidiary of Continental Industries, Inc., Westbury, Long Island) was Rowe's major competitor. It had some 1,630 cigarette vendors and 267 jukeboxes on location. Rowe was headed by George Seedman, Coast by Meyer Carr.

Mr. Thomas Vaughn, president of another Rowe subsidiary (New Orleans Cigarette Service Corp.) and friend of Seedman, testified that he was told by Harold Roth, president of Continental Industries, Inc., that since Seedman was giving Roth's Los Angeles company a difficult time, substantial retaliatory efforts would soon result.

Vaughn informed Seedman and offered to help him, if necessary. Seedman requested such assistance, and Vaughn sought out Babe McCoy, Mickey Cohen's former fight manager, an associate of underworld figures, active in boxing circles, and himself possessing a criminal record (p. 17284). In 1956, California permanently barred McCoy from any participation in boxing activities in that State. Vaughn claimed he went to McCoy because he:

* * * was from Los Angeles and probably, from what I read in the papers, well versed in the Los Angeles area (p. 17284).

Vaughn explained "well versed"

Well, usually anyone who would be a matchmaker or promoter of fights probably would have a wide acquaintanceship with barrooms and taverns where cigarette machines are usually installed (p. 17284).

McCoy promised to help. When Vaughn arrived in Los Angeles, McCoy told Vaughn that he had received a call from Mickey Cohen who " * * * asked him what his interest was in helping people in the cigarette business * * *" and indicating that "Mr. Cohen's friend, Mr. Sica, had been offered a position by a competitive company to help them." McCoy arranged for Cohen and Vaughn to meet. Cohen told Vaughn that Sica had been offered \$20,000 by Coast to secure Seedman's locations for them.

Vaughn became fearful, Cohen would actively oppose Rowe's operations. He discussed the matter with Seedman, who

* * * felt Mr. Cohen was a power in southern California and he certainly didn't want Mr. Cohen or Mr. Sica to interfere with this relatively small competitive battle that was going on, and that it would be much better for the industry if they would remain neutral and take no part in it whatsoever, either for or against us (pp. 17287, 17288).

Vaughn and Seedman offered Cohen and/or Sica \$5,000 to "stay neutral." Cohen rejected this as insufficient.

Mr. VAUGHN. He said he had had a call that day and that he was offered \$50,000, a contract of \$50,000 I believe was the phraseology, to put Mr. Seedman's lights out.

* * * * *

Mr. KENNEDY. There was no question in your mind, was there, that what he had in mind was having Mr. Seedman killed?

Mr. VAUGHN. That would be the inference that I drew, sir (pp. 17288, 17289).

Further negotiations followed. Vaughn and Seedman agreed to pay \$10,000 in cash to Mickey Cohen, purportedly for Fred Sica.

Senator CAPEHART. * * * What service did Mr. Cohen render for this \$10,000?

Mr. VAUGHN. No service whatsoever, sir (p. 17290).

Vaughn admitted that Fred Sica's son was placed on the payroll of the Rowe Co.

Mr. KENNEDY. * * * Did Mr. Sica ever suggest—this was the colleague of Mr. Cohen who, incidentally, has 20 arrests and 7 convictions, and was going to remain neutral also * * * that his son be placed on the payroll * * *

Mr. VAUGHN. Well, I was very fond of his son. I thought he had a fine boy. I thought that he would make a good salesman. He did suggest it and I recommended him to Mr. Seedman (p. 17298).

Rowe's records showed Jerry Sica in the company's employ for 11 working days. For this he received \$408.15 (p. 17299).

Mr. KENNEDY. * * * Did you believe that Mickey Cohen and Sica were actually working for the Coast Co.?

Mr. VAUGHN. In retrospect; no.

Mr. KENNEDY. Did you at the time?

Mr. VAUGHN. I had no way of knowing at the time, sir.

Mr. KENNEDY. But yet you would be willing to pay out \$10,000. * * * If you weren't sure of it you would still be willing to pay out \$10,000 to have him remain neutral?

Mr. VAUGHN. I assumed it was true and I certainly didn't want to take the risk of having Mr. Sica and Mr. Cohen working for Coast.

* * * * *

Mr. KENNEDY. Did you ever check to find out if he had, in fact, been offered \$20,000.

Mr. VAUGHN. Not to my knowledge, sir, I have never asked anyone. I tried to keep quiet.

* * * * *

Senator CURTIS. What could Mr. Cohen and Mr. Sica do if they didn't remain neutral? What was the practical situation you were facing?

Mr. VAUGHN. Well, I felt that I didn't know Mr. Sica and I knew Mr. Cohen only by reputation, and I felt that he had a great deal of influence in southern California.

Senator CURTIS. With whom?

Mr. VAUGHN. With the types of establishments where cigarette machines were ordinarily placed.

* * * * *

Senator CURTIS. Did you have any knowledge directly or indirectly how he enforced his influence?

Mr. VAUGHN. No, sir (pp. 17301, 17302).

(The committee noted with interest that on one of Vaughn's visits to Los Angeles to negotiate the "neutrality" of Mr. Cohen, he was accompanied by Nelson Barrios and Tony Giocoma, identified in the New Orleans hearings as close associates of underworld leader Carlos Marcello.)

Senator CURTIS. May I ask the staff? Do we know what Cohen's and Sica's organization for enforcing their influence was? Was it a trade association? Was it a union? What was involved?

Mr. KENNEDY. I think, Mr. Senator, that Fred Sica's attractiveness was the fact that he was out of jail and had been arrested 30 times and had 7 convictions. Mickey Cohen's attractiveness was the fact that he was tied up with all the leading gangster figures and individuals in the Hollywood and southern California area, who feel that it is smart and healthful to be associated with gangsters. Therefore, they have influence on those kinds of people.

* * * * *

* * * Here is a large company that is willing to pay \$10,000 for him just to stay out of the company. There are large companies in the United States who want to be associated and who have become associated with gangsters in order to help their business.

That is the reason that these kinds of people can survive. They get payments from management in order to get further business for themselves, in order to take away stops, locations, business from their competitors. Management in the United States is willing to make these kinds of payoffs because these men have criminal and underworld connections (p. 17303).

Interrogation of Mr. Carr of Coast and of most of his employees established that Sica and Cohen had solicited Coast for employment to obtain locations for it, but that their services weren't accepted.

Mr. KENNEDY. Now, were you told by your salesmen, Mr. Breen, that Fred Sica had offered to obtain locations for Coast?

Mr. CARR. Yes, sir. * * *

I was told that they wanted to get locations for us, and I believe he stipulated a price of \$25,000, but I am not sure of that, because as soon as I heard who Fred Sica was, I was

horrified, and told him, "Look, our company doesn't do business with people like that," and just to tell them no, and tell him in a way so that he wouldn't become angry at us, because I didn't know what he could do, or what he would do.

* * * * *

Mr. KENNEDY. And you turned down the offer of Mr. Sica to come to work for the company, and obtain locations for the \$25,000?

Mr. CARR. Definitely. We wouldn't have anything to do with it * * * (pp. 17311, 17312).

Seedman testified he gave credence to Vaughn's story because:

Well, sir, he told me that this group was ready to work for Coast, and Vaughn assured me that that was so. I had had a newspaper clipping from the New York Post which indicated that Mr. Harold Roth had had certain connections previously with a group, this type of individual, and that sort of convinced me that perhaps Coast was interested, although frankly it was hard to believe (p. 17315).

He explained why he gave \$10,000 to keep Cohen "neutral":

Mr. SEEDMAN. For several reasons, sir. First, I wanted to keep Cohen and his crowd from in any way infiltrating into our industry. That was the main and principal reason.

Secondly, I did it because of the commitment made by Mr. Vaughn, which I felt I had to back, and I did (p. 17316).

Cohen and Sica invoked the fifth amendment on all questions pertinent to this extortion. However, the committee learned that for 1957 Cohen reported income of less than \$1,500, and Sica declared only \$2,500.

At the time of this hearing, Cohen owed the United States over \$500,000 in unpaid taxes. The Government had not been able to find any property or income from which to collect its claim; notwithstanding Cohen's extremely lavish mode of living; nor the purchase of a new 1959 Cadillac automobile only 10 days prior to this committee appearance.

In the committee's opinion, this situation illustrates the extent of racketeer influence in various parts of this business. The "victims" who agreed to this shakedown were living in a city with one of the Nation's finest police forces; and the companies involved were well financed, nationally affiliated and able to protect themselves against such extortions.

IX. MIAMI AREA

Jukebox, amusement machine and cigarette vending operations in Miami, Fla., confronted the committee once again with the ingredients seen elsewhere: notorious underworld figures, greedy employers restraining competition for their private enrichment, paper locals having no concern with employee welfare, and the Teamsters Union inheriting control of the entire field.

A. JUKEBOX AND GAME MACHINE OPERATIONS

For a decade, notorious hoodlums have manifested their interest in Miami coin-machine operations. Among these was Joseph Massei, FBI No. 597894, well-known gangster and suspected murderer from the Detroit area. He has been a close associate of major Mafia criminals who figure in other committee hearings.

In the late postwar period Massei attempted to obtain locations for legitimate jukeboxes, pinball, and amusement games, as a springboard for the placement of slot machines he expected the Florida legislature to legalize. Although Massei never appeared of record, Harvey Campbell, manager of Capitol Vending Co., bragged frequently he was financed by Massei. Legislation was not passed and Campbell went into partnership with Joe Mangone, a hoodlum from the New Jersey-Philadelphia area. Soon Campbell retired. Mangone continued to operate, and also, became a distributor. In 1950 Mangone and other known associates of Massei formed the Amusement Machine Operators Association (AMOA), to control competition.

According to Willie Blatt, AMOA president, association members were untroubled until 1954, when distributors began using whip companies to force jukebox purchases by the operators. Blatt and other operators lost a substantial number of locations, and,

Mr. BLATT. At one of the meetings, that I presided over, the discussion came about how could we stop the raiding of these locations * * * Mr. Mangone suggested * * * a man at one of his locations who * * * would be willing to undertake the job of trying to straighten the things out (p. 17359).

This man was Anthony Randazzo, manager and operator and one-time partner with Joe Embry (nee Vincenzo Ammerratti, a former East Chicago hoodlum now dead) of the Italian Gardens Restaurant. The association hired Randazzo as "business manager," for \$100 per week. His duties were:

Mr. BLATT. Well, when locations are lost by operators he was supposed to go out, talk to the owners, and try to convince them that they ought to take the operator back (p. 17359).

Although Randazzo had no known criminal record, his sponsors and associates did. Consequently, the majority of the members of the association, by secret ballot, voted to remove Randazzo from the payroll. On the following day, Blatt, Mangone, and other operators, most of whom had criminal records, seceded from AMOA and formed the Automatic Music Guild. The guild promptly hired Randazzo (p. 17360). Thereafter, Randazzo called on locations lost by guild operators. He was accompanied by ex-convict Charley Karpf, 275-pound labor racketeer from New York, brother of notorious gambler Bennie Kaye, and of David Karpf (former manager of Local 102, ILGWU, convicted of labor extortion). Karpf presented himself as an agent of Local 598, Upholsterers International Union. In several meetings with operators he stated he was offering "security" to the employer, that he was not concerned with wages and hours and that his union would be composed of employers, unlike Local 349, IBEW, an existing union of employee technicians.

Blatt admitted that although he did not know what union Karpf represented, the guild signed a contract with Karpf's union after the guild remerged with the group from which it had broken off. Blatt conceded he never saw application cards of his employees for unionization, but claimed Karpf told him that he had such cards. Blatt admitted that the operators encouraging Karpf were those who were losing locations. He was asked,

Mr. MAY. Was it the purpose to sign a contract with this union or to reach an agreement that it would help in retaining and obtaining some locations for the operators?

Mr. BLATT. That is right, because I believe—I don't know much about unions, but I believe that one union man cannot take locations from another union man (p. 17361).

When the two groups merged it was agreed that each operator would be assessed 50 cents per machine per month, with the total collection to be split between Karpf's union and the new association. Based on the estimated 4,000 machines the group operated in Dade County, each group received a thousand dollars per month.

During this period, Leonard Baitler, a coin machine technician for some 20 years, had been attempting to set up a *bona fide* union for employees in the industry. He was convinced that Karpf's organizational drive was not a legitimate union effort. He contacted the president of the Upholsterers International Union, Mr. Sal Hoffman, and met with him in Miami. When Hoffman was informed of the situation he revoked the charter of Karpf's local.

On March 21, 1955, Mr. Sal Hoffman wrote to Meyer Greenfield, then the president of local 598, which Mr. Karpf was purporting to represent; and to Mr. Dan Sullivan, director, Crime Commission of Greater Miami:

When we issued our charter to local 598, it was on the basis that the local and its representatives confined their organizing activities to the unorganized workers coming within the jurisdiction of the Upholsterers International Union (p. 17401).

He declared that coin machine workers were not encompassed, and,

Now, with regard to Charles Karpf, our records do not show a Charles Karpf as a member of our union. Neither do our records indicate that a Charles Karpf is an officer of local 598. Therefore, you will please see to it that Mr. Charles Karpf does not present himself as a representative of the Upholsterers International Union, Local 598 (p. 17401).

Notwithstanding the forthright action of Mr. Hoffman, subsequent events illustrated the inability of legitimate unions to purge racketeers like Karpf from the labor movement. Immediately thereafter, Karpf represented himself as an "organizer" for the Miscellaneous Workers of America, Local 296, United Textile Workers of America, AFL.

Mr. BAITLER. * * * prior to recognition by the majority of operators of the United Textile Workers, Mr. Karpf obtained from the business manager of the Electrician's Union a dis-

avowal of jurisdiction. * * * despite the fact that some 75 or 80 coin machine mechanics had been accepted into the Electricians, had been formally initiated and paid their initiation fee, they were expelled, * * * The Electricians issued a written statement * * * that the Electricians had no desire to represent these men and that they would not exercise jurisdiction over these men. Consequently, on the basis of this letter, Mr. Karpf was able to obtain recognition from the employers.

* * * * *
 Mr. KENNEDY. Who * * * wrote the letter?

Mr. BAITLER. Mr. William Johnson, the business manager of the Electricians Local 349.

Mr. KENNEDY. What possible explanation is there for his turning over those 75 members of his union to the Textile Workers?

Mr. BAITLER. I do not know. Most unions strike to obtain members. Here was a block of 75 or 80 members who had been recruited and now were thrown out. Mr. Johnson's explanation to me and to the executive board for this action was that the stigma attached to the coin machine business was not desirable for the Electricians, which is a prosperous and highly respected union in Miami. My contention was that the men were accepted in good faith, they paid their initiation fee, they were bona fide workmen, and they were entitled to representation by the union. However, Mr. Johnson prevailed.

Mr. KENNEDY. Of course, what this amounted to was to turn them over to * * * a racket union, run by a racketeer.

Mr. BAITLER. Exactly, sir.

Mr. KENNEDY. And set up by the operators rather than by the union members themselves?

Mr. BAITLER. Exactly.

The CHAIRMAN. Were the men helpless in that situation? Could they not do anything about it?

Mr. BAITLER. No, sir they could not. I appealed to the international president of the Electricians, with no favorable results.

The CHAIRMAN. Were the men given a free choice as to which union they should belong to or should not?

Mr. BAITLER. No, sir.

The CHAIRMAN. In other words, they were just pawns being traded around? (pp. 17342, 17343).

Baitler declared that all of the men he recruited into the Electricians Union came of their own free will. In contrast,

Mr. BAITLER. * * * they entered the upholsterers and subsequently the textile workers under duress pure and simple, because the contract that was agreed to by the textile workers called for a \$50 a week pay scale with no specifications, as to hours or working conditions. * * * every man that joined the upholsterers was getting in excess of \$50 a week. * * * mem-

bership in the upholsterers or the textile workers offered no benefits whatsoever.

The CHAIRMAN. In other words, kicking them out of the electrical union and forcing them into the textile union certainly was not for the benefit of the employees?

Mr. BAITLER. Definitely not, sir.

* * * * *

* * * neither union nor employer, paid any particular attention to the contract. * * * if an experienced mechanic were earning * * * \$85 or \$90 a week, his wages were not reduced because of the contract. The contract was merely a scrap of paper * * *. It had no significance.

The CHAIRMAN. Just an excuse for collecting dues and that is all?

Mr. BAITLER. I would say so, sir (pp. 17343, 17344).

Some operators and distributors refused to join Karpf's union and the association with which it had signed its sham contract. As the committee found elsewhere, the noncomplaint businessmen were subjected to violence. Donald Helow was assaulted by Karpf, Randazzo, boxer David Woloski and nonunion professional picket James Ramares. The four were picketing the showrooms of distributor Sam Taran. Helow testified he was beaten because he asked one of the pickets why the Textile Workers Union was attempting to organize coin machine workers. As a result of his beating, Helow wasn't able to work for almost 3 weeks, was sick for about 3 months, and lost all of his accounts. He preferred charges against these people and,

Mr. HELOW. * * * with the help of Dan Sullivan of the crime commission. We had them convicted * * * (p. 17350).

Another who refused to submit to Karpf's shakedown was Mr. Robert Norman, general manager for Southern Music Co., a distributor and operator of about 2,500 machines throughout Florida. Norman was solicited by Randazzo accompanied by ex-con Tom Mura. (Mura's criminal record, commencing in 1931, shows nine arrests and four convictions.) They claimed they could get more business for Norman if he joined the association. Norman was given to understand that Mura was going to handle union affairs and that Randazzo would represent the association. Between them they would give him a certain number of locations.

Mura went out of the picture when Karpf appeared in early 1955. Randazzo again visited Norman, this time accompanied by Karpf, and asked him to sign up with the union while Karpf urged that he join the association. Norman replied he would do neither and referred them to the company's owner, Mr. Ron Rood. Several days later (April 18, 1955) the company's Miami premises were stinkbombed.

Mr. KENNEDY. Do you believe that your place was stinkbombed because of your opposition to the association and the union?

Mr. NORMAN. * * * I can think of no other reason for it (p. 17354).

On April 19, Norman wrote to Mr. John Haddock, president of AMI, Inc. (manufacturer of the jukebox Southern was enfranchised to distribute):

I know you fully realize what a grave situation we are in. In my opinion, this was only a warning, and I think we may look forward to other things to come, along the same line. The preliminary gesture in the way of a stinkbomb only tended to make me realize that if we agreed to go along with this hoodlum organization it would place us in the position of being forced to accept any terms they might dictate from then on.

* * * * *

I know for a definite fact that it is the ultimate object of the parties involved to eventually obtain the point where they can bargain with the distributors, by exercising the control which they expect to have over the operators and their employees by using their usual strong-arm methods.

In this particular case they are merely resorting to the labor organization method as a subterfuge for their nefarious activities (pp. 17354, 17355).

Norman declared normal sales were entirely out of the picture. "Under present conditions we would have to rely on the dictatorship to advise their followers if, when and how many machines to buy and from whom."

Mr. KENNEDY. * * * This was an attempt, was it not, to gain complete control of the industry in the Miami area?

Mr. NORMAN. That was my opinion.

Mr. KENNEDY. And they were using the union as a method of enforcing their will * * *

Mr. NORMAN. That is right.

Mr. KENNEDY. It was this exclusive arrangement between certain employers and the union and the union was dominated and controlled by gangsters and racketeers at that time?

Mr. NORMAN. Well, that was the general picture (p. 17355).

Subsequent to the stinkbombing, Mr. Norman was approached by "Joe Scootch" who proposed to act as a "mediator" for Norman. "Scootch" was discovered by the committee to be Joseph Indellicato, a Massei associate with a record of four arrests and three convictions. Indellicato testified he had been an "employee" for several years of Salvatore Falcone, Miami retail and wholesale grocer of Italian products. Salvatore attended the Apalachin meeting of Mafia hoodlums in November 1957.

Indellicato is a known associate also of mobsters Joseph and Sam DiCarlo. In a prior hearing, Ruth Brougher identified Indellicato as the man who had aided Karpf and Teamsters official Barney Baker in a Miami shakedown, and that he received \$2,500 for his help.

Indellicato took the fifth amendment on most pertinent questions, including a request for an explanation of how, for the years 1954

through 1957, he was able to live in Miami on a declared annual income of between \$1,200 and \$2,500.

Notwithstanding Indelicato's offer, Norman sent another letter to Haddock. In June 1955, he wrote:

In spite of all this unfavorable publicity it seems that although the association is disposing of Karpf and his union they insist upon retaining Randazzo; although Rood and I offered strenuous objections to their policy, the association apparently insists upon pursuing the same course (p. 17356).

When Baitler learned the IBEW would not maintain the membership of the men he had recruited he formed an independent union. It lasted but a short time. Thereafter, at the behest of Dave Frechette of Teamsters Local 290, he brought his men into that union, and worked as an organizer for it for several months. He was soon disillusioned with their activities, left the labor movement as well as the coin-machine industry, and took a job in Japan.

At the time of the hearing, Miami coin machine workers were in the Teamsters Union.

Mr. Sam Taran, 20-year veteran of coin machine activities in various parts of the Nation, testified that Randazzo and Karpf sought to enlist his help in their scheme to form a union to better the business for operators and distributors:

Mr. TARAN. * * * getting better percentages, by not raiding locations of one another, and by various means they thought they could improve conditions.

Mr. KENNEDY. * * * What did they think the union was going to do to help them?

Mr. TARAN. Well, if everybody belonged to the union naturally there would be a lot of money saved in a lot of locations, when they open up, everybody fights for them. They give them as much as \$1,000 to \$1,500 for a location.

Mr. KENNEDY. The union was to bring stability?

Mr. TARAN. That is right.

Mr. KENNEDY. And to prevent jumping from one location to another?

Mr. TARAN. Yes, that was the general thing (pp. 17371, 17372).

Taran testified that although he didn't think a union could do anything for his employees, he did not oppose their unionization by the Electrical Workers.

Mr. KENNEDY. Did you feel that there was a different operation between the Electrical Workers on one hand and this operation of Karpf on the other?

Mr. TARAN. Yes (p. 17375).

Taran stated that Randazzo and Karpf had discussed their scheme with him several times; and he agreed that it was not a move to organize employees but to use the union idea to control the industry (pp. 17371-17373).

The committee established that although Randazzo was hired by the association, on May 21, 1955, he was issued upon his own application

a license as a "labor representative." Such licenses are required by the State of Florida to engage in any labor organizing. His application and license designated him a representative of Miscellaneous Textile Workers Local 296, United Textile Workers of America, AFL.

Karpf's scheme was ultimately defeated because of the commendable vigilance of Mr. Dan Sullivan of the Miami Crime Commission, and the publicity given his efforts by the Miami Herald.

The committee was surprised to learn that Sal Hoffman's disavowal of Karpf was the sole effective action against him by labor or by government, even though the State of Florida acknowledged in May 1955, that Karpf had not been licensed as a business agent for the Upholsterers' International Union. The committee was not surprised to learn that Karpf subsequently attempted the same racket against the Miami window washing business nor that other hoodlums continued to prey upon coin machine operators.

B. CIGARETTE VENDING OPERATORS

Blatt testified that another group in which he was a member, the Cigarette Machine Association, had difficulty with Frankie Dio, brother of notorious extortionist Johnny Dioguardi of New York. Dio had taken over the Italian Gardens Restaurant from Randazzo and out of those premises he operated a cigarette vending machine route. He obtained about 50 locations that had belonged to association members.

The association decided:

Mr. BLATT. * * * that maybe we ought to buy the route and divide it among the members as to who lost how many locations and I went in to see him. He said, "Yes, he would sell it at about \$3,000 per case." I went back to the association, and they said, "All right, let us buy it and each one will take the locations that he lost."

I went back to see him but nothing came of it, and then I resigned and that is it (p. 17364).

Blatt was asked if the associations' decision to buy Dio's route at the price quoted was not, in his opinion, an extortion.

Mr. BLATT. Call it what you want.

Mr. MAY. You didn't go through with it?

Mr. BLATT. No, we didn't (p. 17365).

(In early May 1958, Blatt met at the Deauville Hotel, Miami Beach, with Dio, Greenfield, and Sam Lano, reportedly to form a new organization subservient to these men. This plan appears to have been suspended because Blatt was served with a committee subpoena in June 1958.)

FINDINGS—THE COIN-OPERATED MUSIC, AMUSEMENT, AND CIGARETTE VENDING MACHINE INDUSTRY

The coin-operated machine industry of this Nation is inherently a legitimate business of increasing importance and desirability, both dollarwise and functionally. Its past growth gives promise of even greater value to the economy to the consumer by its efficient mer-

chandising of an evergrowing number of goods and services. This growth is a tribute to the skill and ingenuity of labor and management, the great majority of whom the committee believes to be honest, hard-working citizens. This makes even more alarming the committee's conclusion that underworld infestation of this business is already well underway and is threatening to permeate this industry at all levels. In certain areas, hoodlum control is an ugly reality.

After more than 2 years of investigation, and several weeks of hearings, the committee finds:

1. The coin-operated machine industry, particularly in the music, amusement, and cigarette vending segments, has been victimized by an astounding number of racketeers. During the past two decades, almost every infamous criminal in America has held interest in some segment of coin machine operations. They have posed as owners and as union leaders. Racketeers have shown an increasing inclination to assume the role of labor leaders—particularly in areas having a history of prior attempts to control coin machine activities.

2. The early experience with pinball and slot machine gambling, derived by the underworld through its infiltration in this field, has enabled criminals to extend their operations into nongambling amusement games, automatic phonographs and, to a minor extent, in vending machines. They have obtained such holdings by investing money received from illicit enterprises; and by force, terror and the corruption of management, union and public officials. Experience has shown that where they have such interest they seek to dominate the field, and have attained a great measure of success in urban centers of New York, New Jersey, Illinois, Louisiana, Ohio, Michigan, Florida, and Indiana.

3. With notable and few exceptions, the efforts of honest employers, employees, labor officials, and public officers have not contained or restrained the spreading control of these mobsters, nor the increasing threat they pose to the legitimate merchandise vending business, which as yet seems to be comparatively untainted.

4. A large percentage of the racketeers having coin machine interests appear to be members of groups with familial, social, and financial affiliations across the Nation. Their coin machine operations not only produce for them the profits of controlled markets, but serve to aid and abet their illegal activities, such as gambling, narcotics trafficking and tax evasion.

5. In most instances, the underworld has found an apparatus readymade to do its bidding: For many years employers had been acting in collusion with subservient union locals to enforce trade restraints to benefit favored employers and the corrupt labor officials.

6. Criminals have used captive labor union locals as weapons to dominate various parts of the industry. They have had little trouble in obtaining racket locals for their own use. As honest labor leaders have withdrawn charters from locals perverted to nontrade union objectives, an increasing number of racket locals have taken over the field.

7. The increasing awareness of legitimate union leaders to the universal racketeering of coin machine locals has resulted only in the disaffiliation of such locals from honest international unions. No effort has been made to promote *bona fide* locals for industry em-

ployees. This has left a jurisdictional vacuum that has been filled almost completely by the Teamsters, with a consequent subjugation of the employees and employers unable to keep from being swept into the Teamster maw.

8. Teamster officials William Presser of Ohio and William Bufalino of Detroit, have functioned both as management and labor representatives.

9. Union officials have been guilty of the most gross conflicts of interests, having proprietary holdings in the very business and area with the employees they purported to represent. Closely affiliated union colleagues have gone actively into the business, using the influence of their union to obtain patronage. Cecil Watts had his union's International Teamster insignia on his business cards and on his jukeboxes.

10. The Teamster's Union has evidenced a shocking disregard of the rackets being perpetrated by its locals asserting jurisdiction in this field. James Hoffa, present head of the Teamsters' International Union, has himself helped to furnish two such racket locals to the Detroit underworld. Since at least 1953, he has condoned the publicized *mala fides* of local 985, and its president, William E. Bufalino; and has advanced Bufalino into his personal coterie of counselors.

11. In not a single area of its inquiry has the committee found evidence of benefits obtained by coin machine locals for the employees of the industry, with the fleeting exception of Mr. Baitler's unit of local 349, IBEW, Miami.

12. Coin machine locals having a majority of these characteristics were "racket unions":

(a) High dues assessed against union members, but computed on a "per machine" basis. (The employer, ostensibly paying dues for his employees on a checkoff, did not pay per employee, but in accordance with the number of machines he had on location.)

(b) Widespread placement of "union labels" on the machines claiming they were serviced by union workmen. (This was not to induce patronage, but to allow for easy visual policing of locations.)

(c) Sale of union labels to machine operators. (This permitted the union to levy tribute on the operator's ability to pay, for it was prorated to the number of machines he had on location, not the number of members he employed or were unionized.)

(d) Employees' dues were not deducted from wages but paid by employers, who frequently deducted such payments as a "business expense." (This withdrew from the employer's taxable income money he paid to racketeers.)

(e) Small union membership compared to other locals in the area, with as few as 30 members in a local.

(f) Union membership included self-employed operators; and in some areas, operators employing other union members.

(g) Union locals formed and financed by employers.

(h) "Sweetheart," "top down" labor contracts signed between an association of employer operators and the union; without the presence or assent of the employees, with wage and hour scales equal or lower than standards actually in effect when the con-

tract was negotiated; usually of long duration (3 to 5 years); and renewed without any material changes in terms. Where contracts recited benefits to employees, they were not enforced. The contracts or their supplements frequently enjoined employees from working for an operator not a member of the employers' association.

(i) "Location lists" maintained by the union and/or the association, of all machines in operation; and the requirement that an operator receive a union "clearance" before placing a machine in another location. (Thus, the union determined who could compete for additional locations; and whose locations it would protect.)

(j) A high percentage of union officers had criminal records. 13. Management has knowingly used criminals to increase its sales. It has condoned the resulting violence and mayhem as a "liability of the business." From New York to Los Angeles, it has "paid off" in preference to resisting extortionate demands upon it.

14. Conversely, in some areas where small businessmen have sought to resist racketeers, they have received little help from local authorities, and have had to risk their entire resources and even their lives against well-financed and ruthless criminals. The committee believes the such widespread lawlessness threatens the sovereignty of our democracy.

15. Present laws and/or their methods for enforcement have not been adequate to contain the spread of racketeering. In some instances, the vast amount of money available to the criminal member of the organized underworld provided an insulation against prosecution. Frequently, local courts appeared unaware of the need for effective punishment. Some areas had a tradition of such ineffectual law enforcement that victims despaired of help from public officials; and in some localities witnesses had little, if any, protection against underworld reprisal. In Jefferson Parish, La., alliances between criminals and elected police officials not only denuded the citizen of hope of protection against lawlessness, but led to the racketeer use of sheriff's deputies to promote the illegal gambling enterprises.

16. Criminal domination hurt legitimate coin machine and collateral business activities. It foreclosed the public from the benefits of competition, and drove out of the business honest businessmen who refused to pay tribute to hoodlums.

The committee, based upon the testimony and evidence received in public hearings relating to the coin-operated machine industry, makes the following specific findings with respect to the indicated areas:

METROPOLITAN NEW YORK AREA

1. Local 1690, Retail Clerks International Association, possessed many of the attributes common to other labor unions operating in the jukebox field, including charging a fee for union labels to be placed on machines and the use of picket lines to acquire new locations or retain existing locations on behalf of the employer operators.

2. Frank Calland, head of local 1690, resenting competition from Local 254, Retail and Wholesale Department Stores Employees, arranged for the severe beating of James Caggiano, organizer for local 254, forcing Caggiano's withdrawal from the jukebox field.

3. Local 254, RWDS, which had a contract with the Associated Amusement Machine Operators of New York (AAMONY) from 1948 to 1952, served no purpose other than the protection of locations of various operators who were members of the association.

4. Associated Amusement Machine Operators of New York forced local 254 out of existence when the local took in members without requiring them to join the association of operators.

5. James Caggiano, an associate of notorious New York hoodlums and former chauffeur to gangster Meyer Lansky, hardly qualified as a labor union leader. The International Union of Electrical Workers is to be commended for expelling him and his union as "a completely dishonest operation."

6. Although Paul Lafayette of the Retail Clerks International Association granted a charter to local 433, it bore no semblance to a bona fide union but functioned only to protect the locations of the operators. The officials of the Retail Clerks International acted wisely in revoking the union's charter when they became aware of the true situation.

7. Local 531, operated by Al Cohen, was strictly a "racket operation" established to protect locations. It was aptly described as a "fictitious union" by Justice Coleman of the New York State Supreme Court as he issued an injunction to stop its operations.

8. The United Industrial Union was a complete fraud as an international union and was maintained only to give a false front to local 531.

9. When Local 531, United Industrial Union, suspended operations as a result of a court order, individuals from the same hoodlum element established local 19 of the Federated Service Workers Union. They continued a similar racket-type operation, forcing jukebox and game machine operators into their union by raiding locations.

10. The Federated Service Workers Union was a completely fictitious international union similar to the United Industrial Union. John Amalfitano, former president of Federated Service Workers Union, caused charters to be issued for nonexistent unions and issued charters to hoodlums in a variety of trades.

11. The brutal beating of Sidney Saul, along with other evidence, clearly demonstrated that local 19 was a front for the criminal activities of some of New York's worst hoodlums.

12. Although local 19 was enjoined from operating by a court order, the same racketeers continued their activities merely by transferring to local 266 of the Teamsters. This arrangement began shortly after James R. Hoffa became international president.

13. Local 266 of the Teamsters assumed jurisdiction over the jukebox and game machine industry upon the instructions of John O'Rourke, president of Joint Council 16 and a supporter of Hoffa. Although AAMONY preferred local 202 of the Teamsters, the latter refused to enter into a contract with the association since they refused to sell union labels.

14. The same group of racketeers who had run local 19 controlled Teamsters Local 266. This included Max Gulden, Eugene and Herbert Jacobs, and Joseph and Lawrence Gallo. Joseph DeGrandis became president of local 266. It was symbolic that when DeGrandis was previously expelled by the Retail Clerks from local 413, he left behind in the union office a gun and a billy club.

15. The ruthlessness of the leadership of Teamsters Local 266 is demonstrated by the case of Milton Green, an operator who opposed the selection of local 266 by the association. Following a meeting of the operators, Green was ambushed by persons unknown and almost fatally beaten.

16. Hoodlum elements among the operators, including the Gallo brothers, formed a separate association, the United Coin Machine Operators of New York (UCMONY) and signed a contract with local 266. This forced the other operators of AAMONY to follow suit, giving local 266 of the Teamsters control in the game machine industry.

17. Closely related to the gangsters operating in the coin machine industry in New York was the money-lending racket known as "shy-locking" which was operated by Charles and Bernard Bernoff, Joseph Paige and Irving Mishel. Millions of dollars were loaned at usurious rates of interest to every variety of hoodlum to help finance many enterprises in all fields of organized crime.

THE CHICAGO AREA

1. The criminal syndicate in Chicago took more than \$100,000 per year from the jukebox industry by exacting payments in the form of dues through three separate channels. These were the Recorded Music Service Association, Inc., the association of jukebox operators; the coin machine branch of Local 134, International Brotherhood of Electrical Workers; and the Commercial Phonograph Survey (p. 17057).

2. Fred Thomas "Jukebox" Smith, the business representative of local 134 in the coin machine division, by his control of the union was able to force the jukebox operators to maintain membership in these three organizations (pp. 16948-50).

3. Local 134 performed no normal trade-union functions. It provided no benefits for its members, and sought no benefits for them (p. 16953).

4. Major hoodlums in the underworld in 1956 commenced further inroads into the jukebox industry by forcing operators to purchase their supplies of records from the Lormar Distributing Co. This company was owned by Charles "Chuck" English, close associate of such notorious gangsters as Sam "Mooney" Giancano and Paul "The Waiter" Ricca. To force patronage of the Lormar Co., pressure was brought to bear by Jukebox Smith and his union and by Teamster boss Joey Glimco. In this manner, one firm alone lost some \$800,000 per year in business to Lormar (p. 17025).

5. Not satisfied with acquiring large segments of the record business, the syndicate made further profits by the counterfeiting and sale of large numbers of phonograph records. Instrumental in this swindle were Charles "Chuck" English of Lormar; George Hilger, alias George Miller; and the Rite Record Co. of Cincinnati operated by Carl Burkhardt (pp. 17077-17090).

6. Through "Jukebox" Smith the underworld extended its tentacles to embrace coin operated game machines in addition to jukeboxes. This they were able to do by formation of the Chicago Independent Amusement Association, Inc., whose executive secretary was Hyman Lerner, alias Red Waterfall, a long-time employee of mobster "Dutch"

Vogel. The committee found that this was accomplished by the following:

(a) Collusion with Fred Smith's union, local 134. Although no contract existed between the association and the union, the association exacted union dues from the members and used union seals and stationery.

(b) Nonjoiners of the association were subjected to destruction of their machines by strongarm men of the syndicate (pp. 17141-17146).

7. Using violence and threats the syndicate raided jukebox locations in the outlying counties surrounding Chicago (pp. 17003-17004).

8. Members of the Music Operators of Northern Illinois sought the assistance of Jukebox Smith to protect their interests from the underworld but Smith returned their money when he found he lacked the influence to protect their locations (p. 17011).

GARY AND LAKE COUNTY, IND., AREA

The committee is compelled by the weight of evidence and testimony to conclude that, beginning in 1953, the coalition between hoodlums and public officials of Lake County, Ind., maintained a sanctuary for illegal activities, with the result that a small, struggling union found it impossible to function, and small independent business establishments were forced out of business.

The laws of the State against gambling and prostitution were not enforced when such enforcement involved the members of the underworld syndicate, and the evidence shows that this privilege of monopoly in illicit enterprises granted by Metro Holovachka, the public prosecutor, to the underworld syndicate was a direct and causing factor in the demise of one local union and several legitimate businesses.

Substantial gifts were made by the underworld syndicate operating in East Chicago, Lake County, Ind., to public officials. The best construction possible is that these officials exercised poor judgment. The impunity with which these gambling enterprises operated, however, raises far more serious possibilities.

Metro Holovachka assumed the office of prosecutor of Lake County, Ind., in 1953. Coincident with this event, two developments began to take place:

(a) Metro Holovachka's personal finances took a sharp upturn and his actual income far exceeded his salary as a public official.

(b) Hoodlums began to assemble in Lake County from a wide area and moved in to pervert and to monopolize coin-operated machines.

Among the hoodlums who came into the area were the following:

(a) Anthony Pinelli came to function in bookmaking and pin-ball gambling fields. Pinelli has been convicted of bootlegging activity and has a long history of association with the hoodlum element.

(b) John Formusa operated in the field of prostitution. Formusa was convicted of a narcotic violation and is a known associate of many hoodlums.

(c) Thomas Morgano, an alien, attempted to set up criminal control for nearby Porter County. Morgano has been convicted of liquor violations, gambling, assault and battery, and attempted manslaughter.

(d) George Welbourn and Steven Sohacki, as well as a number of other hoodlums have managed to escape conviction of serious crime due in great part to the tolerant attitude of Metro Holovachka.

Holovachka's enforcement policy is clearly demonstrated by his testimony that in his 6 years as public prosecutor he had picked up over 150 illegal pinball machines. Supplementing this is other testimony that not one of these confiscated machines belonged to either of the two underworld syndicates operating in his territory.

Metro Holovachka's annual income for the period 1945-50 was less than \$5,000. As a public official his salary ranged from \$10,500 to \$12,000; however, his actual income during this latter period exceeded this amount by 300 to 450 percent. Holovachka refused to reveal the source of some \$263,000 in small bills he received over and above his salary.

Holovachka's instruction to his subordinates had the direct effect not only of increasing the power and financial return of the Welbourn-Sohacki underworld syndicate but also of driving out of business the Coin Machine Repairmen's Union, several small but legitimate coin machine enterprises, and one restaurant.

Holovachka defended his failure to enforce laws prohibiting gambling machines by stating that the statutes were being tested in a court in another county. This defense is untenable. His clear obligation was to enforce the law unless prevented from doing so by a court competent to act in this matter.

Holovachka used the law as if it were his own personal property, as demonstrated by his extra-legal seizure of pinball machines not owned by the favored syndicate.

Walter Conroy held the position bearing the title "Chief Investigator" for the public prosecutor. In this capacity, Conroy's principal function appeared to be of eliminating the independent coin machine operators who tried to compete against the underworld syndicate. His intimidation of small operators and his arbitrary confiscation of machines owned by the independents were devoid of either legal or moral justification.

Mike Kampo, a subordinate of Conroy, received pay as an investigator. The caliber of his work is best illustrated by the fact that a well-known gambling establishment operated next to his store, with his knowledge, for 6 years while he held his position and was not questioned by him.

The committee wishes to commend the honorable course chosen by Chief Deputy Sheriff Harold E. Rayder of Porter County when he was offered a large bribe by Thomas Morgano. Morgano offered Rayder \$100,000 for himself and others for 2 years, in return for criminal control of Porter County. Rayder not only resisted the offer but acted so as to bring the attempted bribe to light and punish the offender.

THE DETROIT AREA

1. Auguste Scholle, president of the Michigan AFL-CIO Federation, is to be commended for his efforts to eliminate racket-type coin machine unions under his jurisdiction. He was responsible for causing the revocation of charters for local 737 of the United Electrical Workers and a local of the Retail, Wholesale, and Department Store Employees when he found these unions violated union principles by selling union labels for jukebox machines and used the union picket line to compel operators to use only one type of machine.

He demonstrated his conscientious union leadership and his courage in refusing to issue a charter for a jukebox union to the hoodlum element despite persistent persuasion and the offer of a \$10,000 bribe.

2. It was significant to the committee that although Mr. Scholle repeatedly refused to issue a charter for a union in the jukebox industry because methods used violated sound union principles, the jukebox organizers were able to obtain a charter shortly thereafter from the International Brotherhood of Teamsters as local 985.

3. When local 737 lost its charter the members of the Michigan Phonograph Owners' Association transferred their members to local 361 of the Retail Clerks International Association. Roy Small of the association completely dominated both the union and the association. The fact that the association and union operated out of the same office with the association paying part of the union officers' salaries clearly revealed the fraudulent nature of the union.

4. For a fee of \$5,000, William Presser, head of the jukebox local in Cleveland, Ohio, along with Leo Dixon of the operators association there, assisted a group of operators in Detroit in setting up an association-union arrangement in the jukebox industry which would protect the interests of the operators. The union established at that time was AFL Federal Local No. 23184 with Eugene Jimmy James in control.

5. There are strong indications that Presser used a part of the \$5,000 to pay off unidentified Teamster officials in Detroit.

6. The wives of Teamster officials James R. Hoffa and Bert Brennan were placed on the union payroll by Jimmy James at \$100 per week each, although neither did any work for the union. This practice was initiated 1 month after James had raised the "dues" of the members from 50 cents a machine per month to 75 cents per machine. In this manner a total of \$6,000 was paid to the wives of Hoffa and Brennan.

7. Little credence is placed in James' previous testimony before a Detroit grand jury (James took the fifth amendment before this committee on all pertinent questions) that the \$6,000 paid to the wives was to repay Hoffa and Brennan for a \$1,000 loan they each made to assist James in getting his union started. More credulous is the sworn testimony of jukebox owners Brilliant and DeSchryver who said that there was never any need for James to borrow \$2,000 from Hoffa and Brennan as the operators furnished sufficient funds to get the union started.

8. The Detroit underworld initiated its control of the jukebox industry in 1946 when the franchise for the Wurlitzer music boxes was given to the Bilvin Distributing Co. Although William E. Bufalino

and Samuel J. Tocco were the "front" men for the Bilvin Co., the committee found that the central figure in this company was Angelo Meli, once designated as Detroit's Public Enemy No. 1. Closely associated with Meli in this enterprise was John M. "Papa John" Priziola, branded by the Narcotics Bureau as one of the Nation's top figures in the dope racket.

9. The committee finds that the underworld, through the Bilvin Co., extended its influence in the jukebox field by setting up separate companies to handle jukebox routes. These included the T-D Music Co., run by Sparky Corrado, nephew of Pete Corrado, well-known hoodlum; the Jay-Cee Music Co., run by Pete Tocco, a relative of Black Bill Tocco, a major underworld figure; Meltone Music, run by Angelo Meli's nephew, Vince Meli.

10. These companies, through their hoodlum reputations and influence, were able to take about 1,200 of the 4,000 jukebox locations in Detroit away from the operators linked up with the association and Jimmy James' union.

11. Bufalino and his associates, having gained control of over 25 percent of the jukebox locations in the city, then set out to protect their interests with a controlled union. This they accomplished by first persuading the existing association and union to permit them to join up without returning the locations they had taken away from the members. This constituted a complete surrender on the part of the association's members. Of major significance in this development was that Bufalino was to be James' assistant at the union.

12. When the charter for local 23184 was canceled as a result of the 1947 Detroit grand jury, James R. Hoffa arranged for the use of Teamster Local 985 as a jukebox local. Although this local was designated "Service Drivers and Helpers, Car Washers & Garage Employees Union," the initial group taken into 985 when reactivated was the coin machine operators and their employees.

13. The following, as established by the record, causes the committee to conclude that local 985 was not a legitimate union but rather primarily a racket operation through which Bufalino promoted the interests of himself and his associates:

(a) Bufalino controlled the operation of local 985 as business agent.

(b) Although Jimmy James discontinued active association with local 985, and in fact left the Detroit area, he remained on the union payroll from 1947 to November 1950.

(c) The associates of Bufalino set up in the operating end of the business, such as in the Meltone Co., the Jay-Cee Music Co., and the T-D Music Co., continued to jump locations of the other association members despite the promise of James Hoffa that Bufalino would be fair and play no favorites.

(d) The carwash employees who were taken into the union were exploited by Bufalino and other union officials. Their wages were decreased and working standards reduced. There were no provisions for fringe benefits or welfare plans.

(e) The hoodlum-operated companies of Meltone Music and T-D Music were not required to unionize.

(f) Several Teamster business agents, including ex-convicts Cecil Watts and Morris Coleman, were able to use their union connections to enter the coin machine business on their own.

(g) Despite his \$20,000 a year salary drawn from local 985, Bufalino, in addition to a generous expense account and a union-purchased Cadillac, also received substantial sums of money from Detroit Teamster Local 299 as well as 985 for legal services. This included payment of hotel bills while in attendance at the Hoffa trials at Washington, D.C., and New York City, totaling \$13,749 for the years 1957 and 1958, although Bufalino was not a member of the Bar of the District of Columbia, State of New York, or the State of Michigan.

THE JEFFERSON PARISH, LA., AREA

1. Alliances between corrupt public officials and members of the underworld in Jefferson Parish, La., enabled the racketeers to control the jukebox, pinball, and slot machine business in that area. This situation has prevented any attempts to unionize in the industry from gaining any headway.

2. Carlos Marcello, key underworld figure, controls the jukebox and game machine business throughout Jefferson Parish, as well as gambling and other illegal activities. Associated with him in these "rackets" is his brother, Vincent, and other relatives.

3. A license to operate a radio transmitter was issued to Vincent Marcello by the Federal Communications Commission for use by the Marcello enterprises to dispatch servicemen for the repair of coin machines.

4. Evidence before the committee demonstrated that illegal gambling and vice flourished with immunity in Jefferson Parish, La. Testimony was received that deputies of the office of Sheriff William C. Coci used their authority to promote a jukebox and pinball machine monopoly for the benefit of the Marcello enterprises.

5. Sheriff Coci as the chief law enforcement officer for the parish knew, or should have known, of the existence of this situation. He refused to accept the committee's invitation to appear and answer questions concerning testimony and evidence which would reflect against him.

The committee is of the opinion that a public official responsible for the enforcement of law who refuses to accept an invitation to appear before a U.S. committee, is not worthy to hold his office.

THE LOS ANGELES AREA

1. In Los Angeles, as in many other communities, the membership of the union in the jukebox industry, namely, local 1052, International Brotherhood of Electrical Workers, was comprised of employers who were also members of the Southern California Operators Association. The association-union combine used the sale of union machine labels to finance the union and used the union to force operators into the association. As a result, the small independent operators were defenseless to retain their locations.

2. Local 396 of the Teamsters Union in Los Angeles succeeded in taking over jurisdiction in the jukebox industry from local 1052, IBEW, with the assistance of Joseph "Sugar Joe" Peskin, former member of the Al Capone mob.

3. Local 396, IBT, is headed up by Frank Matula who was convicted of perjury and sentenced to jail. Matula was the subject of a separate committee investigation involving his union's activities to control the garbage industry in Los Angeles.

The committee was amazed to learn that Matula was recently named by James R. Hoffa as an international trustee of the Teamsters.

4. The committee found that local 1052 was also the target for hoodlum infiltration in San Diego, Calif. When Hal Sherry extended his organizing activities to San Diego, he was warned by Frank Bompensiero, prominent San Diego gangster and ex-convict, to discontinue these efforts. When Sherry disregarded this warning and continued his organizing activities, he was brutally assaulted.

5. As a result of this extreme opposition by the underworld, the IBEW revoked the charter of local 1052 and the Teamsters Union moved in assuming jurisdiction in the jukebox industry.

6. Thomas Vaughn and George Seedman, of the Rowe Service Co., made a payoff of \$10,000 to Mickey Cohen, prominent Los Angeles gangster, in order to secure Cohen's agreement to refrain from obtaining locations for their major rival, the Coast Cigarette Vendors. This situation serves to demonstrate the illegal power exercised by the underworld over an otherwise legitimate business operation. It further serves to demonstrate the willingness of employers under such circumstances to make payoffs to racketeers and serves no other purpose than to nourish the growth of crime and encourage the underworld to continue its depredations against society.

As was to be expected, Mickey Cohen exercised his constitutional privileges in response to all questions. Among other things, he refused to comment as to why his income tax returns for 1957 reflected an income of only \$1,500 and did not include the \$10,000 payoff he received.

THE MIAMI AREA

1. Leonard Baitler, of local 349, International Brotherhood of Electrical Workers, organized the mechanics in the jukebox industry with bona fide union objectives in mind including the reduction of a 60- to 70-hour workweek.

2. Charles Karpf, an ex-convict, also started organizing in the jukebox field for local 598 of the Upholsterers International Union, a union with jurisdiction not even remotely connected with the coin machine industry.

3. The operators had formed the Amusement Machine Operators Association of Miami (AMOA) and hired as the business manager one Anthony Randazzo who worked hand-in-hand with Karpf to get the operators into the Upholsterers Union.

4. Karpf and Randazzo had no interest in the welfare of their membership. They let the operators know they were not interested in wages, hours, or working conditions, but only in bringing "stability" to the industry.

5. When Sal Hoffman, president of the International Upholsters Union learned of the true situation in local 598, he revoked the local's charter—an action for which he is commended.

6. When Karpf lost his charter with the Upholsters, he immediately obtained a new charter for local 296 from the United Textile Workers of America, a union entirely unrelated to the coin machine industry.

7. In a most suspicious move, William Johnson, business manager of Electricians' Local 349, summarily dismissed the 75 or 80 coin machine mechanics in his union, resulting in their absorption into the Textile Workers Local 296 under duress. The transfer of the mechanics involved, who had paid their \$15 initiation fees and \$5 per month dues to local 349, a racket-ridden union unconcerned with their welfare, was a gross breach of faith.

8. When Donald Helow, a self-employed operator, refused to join the union despite threats, he was mercilessly beaten by four men including Karpf and Randazzo. Because Robert Norman, business manager of the Southern Music Co., would not join the union, his company's place of business was stinkbombed. They are typical examples of illegal methods used by hoodlums in control of the jukebox union against those who refuse to submit to their demands.

SUMMARY OF COMMITTEE ACTIVITIES AND ACHIEVEMENTS

As the Senate Select Committee on Improper Activities in the Labor or Management Field concludes 3 years of intensive investigation and hearings with the submission of this final report to the Senate, a summary of the manner in which it has functioned is in order.

It should be noted that inquiry was initially instituted by the Senate Permanent Subcommittee on Investigations of the Senate Committee on Government Operations. In its Government procurement investigations it found that racketeers had invaded the field of supplying uniforms to the U.S. Government. Apparently certain local unions were cooperating with such racketeers. This led to inquiry into the status of these unions and the reports they filed with the Department of Labor and the NLRB.

The Government Operations Subcommittee on Investigations, upon delving deeper into certain aspects of the reports filed by unions with Government agencies, encountered evidence indicating that the reports filed by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America were not truthful or accurate.

The Senate Permanent Investigations Subcommittee of the Committee on Government Operations was limited to a study of the efficiency of Government operations and its relations to the public, and while the truth and accuracy of these reports filed with Government agencies were within the jurisdiction of this subcommittee, it was apparent that the scope of investigation would have to be broadened to enable a full-scale investigation of improper activities in the whole field of labor or management.

The chairman, Senator John L. McClellan, of Arkansas, introduced a resolution in the Senate asking for additional authority and a special appropriation to carry on the type of investigation required by the

facts at hand. A similar resolution sponsored by Senator Irving Ives of New York, had been introduced earlier, but this resolution contemplated that jurisdiction would be vested in a subcommittee of the Senate Committee on Labor and Public Welfare. The issue ultimately was resolved by the creation of the Senate Select Committee on Improper Activities in the Labor or Management Field, with Senator McClellan as chairman and Senator Ives as vice chairman. The resolution, adopted by the Senate on January 30, 1957, authorized the Vice President to appoint four Democrats and four Republicans to insure a bipartisan complexion.

The select committee was authorized and directed—

to conduct an investigation and study of the extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers to the detriment of the interests of the public, employers or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities. (S. Res. 74, 85th Cong., 1st sess.)

Senate Resolution 221, 85th Congress, 2d session, extended the life of the select committee to January 31, 1959, and Senate Resolution 44, 86th Congress, 1st session, further extended it to January 31, 1960. Senate Resolution 249, 86th Congress, 2d session, further extended the life of the committee to March 31, 1960, for the purpose of filing its final report.

On the basis of 104 days of hearings during 1957 in which 486 witnesses were examined, producing 17,489 pages of testimony, the committee submitted a 462-page interim report, which recommended:

- (1) Legislation to regulate and control pension, health and welfare funds;
- (2) Legislation to regulate and control union funds;
- (3) Legislation to insure union democracy;
- (4) Legislation to curb activities of middlemen in labor-management disputes;
- (5) Legislation to clarify the "no man's land" in labor-management relations.

The committee conducted another 103 days of hearings during 1958 in which an additional 547 witnesses were interrogated, producing an additional 17,919 pages of testimony. In 1959 hearings were held on 63 days, during which 493 more witnesses were examined, producing 10,742 additional pages of testimony.

The grand totals for the 3 years of 1957, 1958, and 1959 were 270 days of hearings, 1,526 witnesses, and a staggering total of 46,150 pages of testimony.

In 1957 there were 66 witnesses who took the fifth amendment in their appearances before the committee. In 1958 this total rose to 122, and in 1959 it reached a peak of 155, for a 3-year total of 343. Thus approximately one witness out of five pleaded privilege against self-incrimination.

A 2-volume second interim report, consisting of 687 pages, was made by the committee in August and October 1959. The final report,

consisting of four volumes, is being currently issued by the committee.

In 1959 the Kennedy-Ervin bill, S. 1555, 86th Congress, 1st session, was introduced in the Senate and approved, after inclusion of the "bill of rights" section sponsored by Chairman McClellan. The House passed the Landrum-Griffin bill. A conference committee ultimately reached agreement on the measure now known as the Labor-Management Reporting and Disclosure Act of 1959, which passed in both the Senate and the House, and was signed by President Dwight D. Eisenhower on September 14, 1959. Thus the legislative purpose for which the select committee originally had been constituted had now been served.

The committee desires, however, to cite some facts and figures which highlight the prodigious effort that went into its long and strenuous investigation.

A staff of attorneys, investigators, and accountants of established competence and integrity was recruited early in 1957, with six staff members of the Senate Permanent Subcommittee on Investigations forming the nucleus. Eventually a total of 34 assistant counsel and investigators were deployed on field investigations all over the United States, with their efforts supplemented by an average of 35 to 45 accountants and investigators from the General Accounting Office assigned to the committee by Comptroller General Joseph Campbell. The peak was reached during a period in 1958 when 104, including clerks and stenographers, and personnel drafted from some Government departments were engaged in the work of the committee.

The committee is tremendously proud of, and gratefully acknowledges, the staff's great esprit de corps. At no time were operations geared to an 8-hour day or a 40-hour week. Forewarned that a tremendous job had to be done, the staff members readily accepted the challenge and the responsibilities thrust upon them. Work from early morning until late at night, and frequently during the night, became the rule rather than the exception. Saturdays, Sundays, and holidays held no prospect of respite but were merely more days in the week for productive effort. These were, indeed, dedicated people to whom all good citizens owe a debt of appreciation and gratitude for unprecedented industry and devotion to duty.

Members of the staff piled up an impressive total of almost 2,500,000 miles of travel by plane, rail, bus, and private and Government cars in the tireless pursuit of the great mass of evidence finally compressed into 58 printed volumes of testimony adduced at the committee's hearings.

Under a committee mandate that testimony of a witness be buttressed by corroborative proof where possible, staff members forwarded to the Washington office a total of 128,204 documents to be photostated for use in the hearings. When to this is added literally hundreds of thousands of photostats supplied by the excellent cooperation of banks, brokerage houses, hotels, companies, investigative agencies, and so forth, the awesome magnitude of the committee's whole project becomes readily apparent.

In their crisscrossing of the Nation, members of the staff, aided in many instances by Federal marshals and investigative agencies, served more than 8,000 subpoenas for witnesses and documents in 253 active investigations. The committee's files contain more than 19,000

investigative reports sent in from the field and approximately 90,000 index cards on individuals and corporations. Some of these index cards carry 50 to 60 and more entries of cross-references to other files in which the name of an individual or company also appears.

At the time of the preparation of this report, a vast array of books and records already had been returned to persons and concerns from whom they had been subpoenaed, but the committee still retains more than 1,900 bulky exhibits in 85 large file drawers. As an example of what is contained in a bulky exhibit, one selected at random pertaining to an individual had the following contents: Bank and brokerage accounts and related ledger sheets and canceled checks, loan accounts, hotel records, telephone toll tickets, bond purchase records, joint accounts, contracts, tax returns, and a miscellaneous assortment of receipts, invoices, and so forth.

This great mass of documentation and the gigantic transcript of the hearings conducted by the committee offer formidable and solid support for virtually every section written into the Labor-Management Reporting and Disclosure Act of 1959.

The scope of the committee's investigations has covered a wide range of labor unions and has encompassed a number of the biggest corporations in the United States.

The labor unions investigated—and the list is by no means all-inclusive—included the International Brotherhood of Teamsters and sundry constituent conferences, joint councils, and locals, as well as a great many of the major officials; the Bakery and Confectionery Workers International Union of America; a Teamster affiliate and the Building Trades Council in Scranton, Pa.; the United Textile Workers of America; the Allied Industrial Workers of America (formerly the United Automobile Workers, AFL), which spawned the Teamster "paper locals" in New York; the International Union of Operating Engineers; New York locals of the Amalgamated Meat Cutters and Butcher Workmen of North America; Maxwell C. Raddock and the United Brotherhood of Carpenters and Joiners of America; the Hotel and Restaurant Employees and Bartenders International Union in the Chicago area; the United Automobile Workers, AFL-CIO; the Sheet Metal Workers International Association; and the Independent Newspaper and Mail Deliverers Union of New York and Vicinity, in connection with payoffs in the New York newspaper industry.

The committee also inquired into the operations of a Teamster goon squad in Tennessee and the Southern Conference of Teamsters; the garbage industry in the New York and Los Angeles areas, where collusion between trade groups and teamsters was found; the coin-operated machine industry which involved units of the Teamsters Union, the International Brotherhood of Electrical Workers, the Retail Clerks International Association, and the Allied Industrial Workers, among others; William E. Bufalino and his Teamster affiliate in the Detroit car wash industry; Joe Glimco and his Teamster affiliate in the Chicago taxi industry; Houston Local 74 of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers of America; the Barbers International Union; the connection of underworld figures who attended the infamous Apalachin conclave with improper activities in labor unions and in management; the abuses arising from secondary boycotts;

racketeering, and municipal corruption in connection with the jukebox industry in Gary, Ind.; and political campaign contributions by labor and management.

Business entities receiving attention from the committee included such nationally known companies as Anheuser-Busch, Inc.; Sears, Roebuck & Co., and its affiliate, the Allstate Insurance Co.; the Occidental Life Insurance Co.; the Whirlpool Corp.; the Fruehauf Trailer Co.; the Englander Mattress Co.; the Continental Baking Co.; the Morton Frozen Food Co.; the Mennen Co.; Montgomery Ward & Co.; Associated Transport, Inc.; S. A. Healy Construction Co.; Allen M. Dorfman, Paul J. Dorfman, and the Dorfman insurance entities in Chicago; the Detroit Institute of Laundering; the Great Atlantic & Pacific Tea Co.; the overall supply industry in the Detroit area; Food Fair Stores, Inc., and its affiliate, Food Fair Properties, Inc.; the Kohler Co.; the Perfect Circle Corp.; Trans-American Freight Lines, Inc.; Riss & Co., Inc.; Anchor Motor Freight, Inc.; Commercial Carriers Corp.; and Akros-Dynamics, Inc. There were many, many more; the foregoing have been listed merely for the purpose of illustrating the sizes and types of companies whose practices came under scrutiny.

In the field of management consultants the committee devoted considerable time and attention to the vicious practices employed by Nathan W. Shefferman and his Labor Relations Associates of Chicago, Inc., Vincent J. Squillante, Marshall Miller, the notorious John Dioguardi and his Equitable Research Associates in New York, and others of the same ilk.

During the 3 years of its existence, the committee received approximately 150,000 communications, the vast majority of them coming from rank-and-file union members wholeheartedly commending the committee's efforts, and a large proportion of them asking the help of the committee in correcting evils existing in their own labor groups. These letters were an invaluable source of information about improper activities and provided a continuing supply of leads for investigations.

To attempt to chronicle historically the many complex and frequently intriguing situations encountered in an investigation of this kind would require volumes.

Many segments of the American public have a misconception about the function of a congressional investigation. They associate sharp interrogation of witnesses and formal procedures for identification and certification of the validity of exhibits with the atmosphere of a court trial and mistakenly assume that a congressional committee has judicial or punitive powers. This impression is heightened, of course, whenever there is a parade of fifth-amendment witnesses such as this committee has experienced on many occasions during its long series of hearings.

The primary purpose of a congressional investigation is to develop testimony and factual information to enable the Congress to determine in what field legislation is needed and the character and nature thereof.

Congress can institute prosecutive action only in a case where a witness is considered in contempt of Congress. In such a case, the committee before whom the apparent contempt was committed will recommend that the person be cited. The entire Senate will then vote

on a formal contempt citation. This then goes to the U.S. attorney for the judicial district in which the contempt was committed for presentation to a Federal grand jury.

It frequently occurs during the course of testimony at a committee hearing that evidence of a violation of Federal or State statutes comes to light, and there have also been instances where witnesses have deliberately perjured themselves. When such a situation develops, the committee has invariably forwarded the transcript of testimony to the appropriate Federal or State prosecutive agencies for action consistent with the established facts.

As could be expected from the type of investigation undertaken by this committee, the disclosures during its hearings spurred prosecutive activity in many sections of the United States, and a rash of grand jury indictments at the Federal and State levels resulted.

Recently, Attorney General William P. Rogers announced in a letter to Senator John L. McClellan, chairman of the committee, that as a direct result of the revelations made by the committee some 34 indictments have been handed down in the Federal courts of the country.

One of the most outstanding developments of the hearings was the impeachment and removal from office of Judge Raulston J. Schoolfield by the Tennessee State Legislature. Subsequently, Schoolfield was disbarred following action taken by the Tennessee State Bar Association in conjunction with the Chattanooga Bar Association. Testimony before the committee showed that \$18,500 from Teamster Union funds had been used to fix a case in Judge Schoolfield's court involving members of the Teamster goon squad operating in Tennessee and other Southern States.

In Portland, Oreg., the district attorney, William Langley, was forced out of office and, as of this writing, is the subject of disbarment proceedings as the result of committee disclosures of an alliance between Teamster officials and an element seeking to control organized vice and Langley's direct involvement with both groups.

Dave Beck, who took the fifth amendment before the committee more than 150 times, and whose retirement as general president of the International Brotherhood of Teamsters was speeded by the committee's exposure of his speculations, has figured in a number of legal repercussions. He was convicted of grand larceny in 1957 in the State of Washington for taking \$1,900 from the sale of a union-owned Cadillac. He appealed this conviction and also a conviction in February 1959 for evading the payment of \$240,000 in income taxes and filing false returns. The conviction for grand larceny was affirmed by the Supreme Court of Washington on February 3, 1960. In the tax case he was sentenced to 5 years in prison and fined \$60,000.

Beck's son, Dave Beck, Jr., also was convicted of grand larceny and fined \$2,000, but a jail sentence was deferred for 3 years on condition that he make restitution of the money he had taken.

The New York garbage industry hearings resulted in the conviction for extortion in Nassau County, N.Y., of Vincent Squillante, executive director of a trade group; his brother, Nunzio Squillante; and Bernard Adelstein, secretary-treasurer of Local 813 of the Teamsters. A reversal of these convictions by the appellate division has been appealed. Vincent and Nunzio Squillante, along with Carmine DeCabia, an employer, have been indicted by a Federal grand jury

in Brooklyn for fraud in the procurement of a garbage contract at Mitchel Air Force Base. Other principals in the same committee hearings—Alfred Fasula, John and Pasquale Guariglia—also have been indicted for extortion and are awaiting trial.

A grand jury at Pittsburgh returned a three-count indictment charging Barney Baker, James R. Hoffa's strong man, with receiving money from Exhibitors Service Co., McKees Rocks, Pa., in violation of the Taft-Hartley Act, and a Federal grand jury in Washington, D.C., indicted Edward F. Weinheimer of the same company on eight counts of perjury after finding that Weinheimer lied to the jury which was investigating the same case. Weinheimer has been convicted on all eight counts and now awaits sentence.

A grand jury at Pittsburgh also returned an 11-count indictment which charged Theodore R. Cozza, a Teamster Union official and close friend of James R. Hoffa, with receiving money from the Pittsburgh Sun-Telegraph in violation of the Taft-Hartley Act.

Sally Thurman Hucks and Violet A. Davis, Woodner Hotel telephone operators, were indicted in the District of Columbia for obstruction of justice for destroying records subpoenaed by the committee.

Harold Gibbons, international vice president of the Teamsters and President James Hoffa's executive assistant, was indicted along with five other Teamster officials by a Federal grand jury at St. Louis on February 24, 1960, for making political contributions in violation of the Federal Corrupt Practices Act.

Following hearings before the committee on Local 3 of the International Union of Operating Engineers, Stockton, Calif., four of the local's officers—Victor S. Swanson, Patrick Clancy, Clarence F. Mathews and Porter E. Vandewark—were convicted of grand theft for converting union automobiles to their own use. Clancy is also under indictment for fraud.

In Tennessee, W. A. "Hard-of-Hearing Smitty" Smith and William J. Reynolds, two more Teamster Union officials, have appealed their conviction and 2- to 10-year sentences for assault with intent to murder in connection with an incident described in testimony before the committee. These convictions are under appeal to the U.S. Supreme Court.

In another Tennessee case involving Teamster officials directly connected with the fixing of Judge Schoolfield, Glenn W. Smith and H. L. Boling were indicted for income tax evasion. At the trial, Smith was convicted but Boling was acquitted. Smith's conviction was reversed on appeal.

In Philadelphia, committee records were used to secure indictments against seven men on charges of conspiracy to cheat and defraud Teamster Local 107, one of the largest in the country. Those indicted were Joseph Grace, president of the local; Raymond Cohen, its secretary-treasurer; Benjamin Lapensohn, who was hired by the union to work on a yearbook; Abraham D. Berman and Edward F. Walker, business agents; Joseph E. Hartsough, Cohen's secretary; and John J. Elco, a member.

On January 11, 1960, the Trade Union Courier and two of its publishers, Maxwell C. Raddock and Bert Raddock, were found guilty by the U.S. Court of Appeals in Philadelphia, on charges of violations arising out of their extortion practices in the solicitation of

advertisements from businessmen which were exposed by the committee. The Trade Union Courier was fined \$35,000. Max and Bert Raddock, after a contempt conviction, were fined \$20,000 and \$5,000, respectively.

Eight organizers for the Teamsters Local 107 pleaded guilty on January 5, 1960, in the U.S. District Court in Philadelphia on filing false income tax reports on income which arose out of their union activities under the direction of Raymond Cohen.

In Washington, D.C., Ernest Mark High was indicted for contempt of Congress in that he failed to produce, in response to subpoena, the records of the AFL Spotlight, a publication. He entered a plea of "guilty" on February 26, 1960.

In Los Angeles, a Federal grand jury returned a true bill on May 27, 1959, accusing Meyer "Mike" Singer, another close lieutenant of Hoffa and a business agent for Teamster Local 626, of conspiring to create a monopoly in the grease market, as well as Lee Taylor, Hubert Brandt, and Walter Klein, members of Locals 626 and 626-B of the Los Angeles Teamsters Union who were indicted for violation of the antitrust laws.

A Federal grand jury in Washington, D.C., found a true bill against Maurice A. Hutcheson, president of the 800,000-member Carpenters Union, for contempt of Congress for refusing to tell the committee whether he had misused union funds.

Contempt-of-Congress indictments were also voted against William Presser, president of the Ohio Conference of Teamsters; Pete Licavoli, identified in committee testimony as the leader of the old "Purple Gang" in Detroit. The indictment against Presser was based on his refusal to say whether he had destroyed any records after receiving a committee subpoena. Presser was convicted in the Federal court in the District of Columbia of contempt of Congress on February 1, 1960, and sentenced to jail for 2 months and fined \$100.

A Federal grand jury in New York indicted Harold Gross, president of Teamster Local 320 in Miami, and Cornelius J. Noonan, head of a Jersey City local of the International Longshoremen's Association, on six counts of extortion. They had been named in testimony before the committee as the principals in a shakedown of certain New York newspapers to the tune of more than \$300,000. Gross was subsequently convicted and sentenced to jail on December 11, 1959, on income-tax violations arising out of these extortions.

Another aftermath of the committee's investigation of the New York newspaper situation was the indictment of 11 individuals and 1 corporation on June 23, 1959, for violations of the Sherman Antitrust Act and the Hobbs Antiracketeering Act in connection with the wholesale distribution of newspapers and magazines in the Metropolitan New York area.

Those indicted were Irving Bitz, officer and stockholder in the Bronx County News Corp. and the Bi-County News Corp.; Sam Feldman, former president of the Independent Newspaper & Mail Deliverers Union of New York and Vicinity; Stanley J. Lehman, secretary-treasurer of the union; Harry Waltzer, William Walsh, Angelo Lospinuso, and John Lawrence, Jr., union business agents; William Fello, an employee of Bi-County News; Charles Gordon, officer and stockholder in Bronx County News; Michael Spozate, an

officer in Pacific News Co., Inc.; and the Bi-County News Corp. itself. Bitz pleaded guilty to four counts in the indictment on November 16, 1959, in the U.S. District Court for the Southern District of New York and was sentenced to 5 years in a Federal penitentiary and fined \$45,000.

Ernest G. Belles, who was ousted from a Buffalo Teamsters local a few years ago and then showed up in Miami, where he became head of Teamsters Local 390, has been named defendant in a true bill charging him with evasion of \$3,419 in income taxes in his 1953 return.

A Nassau County, N.Y., grand jury, which investigated racketeering in the jukebox and coin-operated machine industry on Long Island following committee hearings early in 1959 on the same subject matter, has indicted 15 individuals for extortion and related offenses. Among those named defendants were John O'Rourke, an international vice president of the Teamsters, and Joseph DeGrandis, president, and Ernest R. Zundel, secretary-treasurer, respectively, of Teamsters Local 266. Also indicted were the following individuals who appeared as witnesses before the committee: Joseph Gallo, Lawrence Gallo, Eugene Jacob, and Herbert Jacob.

James R. Hoffa's close friend and associate in New York, John Dioguardi, has been confronted with a Federal indictment charging tax fraud. Dioguardi and John McNamara, secretary-treasurer of Teamster Local 808, also were convicted of conspiracy and extortion and sentenced to long prison terms, but the New York district attorney is appealing an appellate division decision which reversed these convictions.

The combined thrust of the committee, the office of New York District Attorney Frank Hogan, the U.S. attorney's office in the southern district of New York, and other prosecutors in the New York metropolitan area has had the effect of decimating the racketeering empire directed by Dioguardi and Anthony "Tony Ducks" Corallo. While some of the paper locals created by Hoffa and controlled by Dioguardi and Corallo have been converted into independent unions and still continue to function, the ranks of the Dioguardi-Corallo cohorts have been appreciably thinned by the wave of indictments and convictions that have been the end product of the great cooperation extended to the committee by these prosecuting agencies and the work of the committee staff.

Arthur and Dominick Santa Maria and David Cosentino, officials of the former United Automobile Workers (AFL) Local 227, which became local 284 in the Teamster "paper local" setup, were indicted for conspiracy, forgery, and grand larceny.

Even before the committee hearings, the Federal and county district attorneys' offices in New York took action against certain labor racketeers who were the subject of the committee's investigation.

Two Dioguardi-Corallo henchmen, Joseph Curcio and George Baker, alias George Semelmacher, were convicted in the U.S. District Court for the Southern District of New York for conspiracy to obstruct justice by hiding records sought by a Federal grand jury investigating labor racketeering. They are now at liberty under bail, pending disposition of their appeal. Curcio is a former president of UAW-AFL Local 649, and Baker is a former organizer of Teamster Local 269.

Max Chester, formerly connected with UAW-AFL Local 227, pleaded guilty to attempted extortion and was sentenced to 5 to 10 years on January 15, 1958, and Milton Levine, formerly of Teamsters Locals 275 and 875, was indicted for conspiracy and extortion and pleaded guilty on October 24, 1957, and was sentenced to 6 years in prison.

Sam Goldstein, a Teamster Local 239 official, was convicted of conspiracy and bribery of a union official, sentenced to 2 years in the New York City Penitentiary on Rikers Island and fined \$5,000. Brought before the committee again, Goldstein took the fifth amendment when testimony from other witnesses showed he still continued to hold office and draw salary and expenses of \$20,800 a year while residing in prison.

Al Reger and Burl Michaelson, officials of Teamster Local 522, were convicted on three counts of attempted extortion and were given terms of 5 to 10 years. Reger has appealed his conviction.

Sidney Hodes was named defendant in an information charging coercion filed on March 7, 1958. He was secretary-treasurer of UAW-AFL Local 649 and president of Teamster Locals 258 and 362 in the "paper local" setup.

After our hearings, James Cross, president of the Bakery and Confectionery Workers International Union of America, was indicted for perjury before the committee but was acquitted on February 17, 1959. George Stuart, formerly an international vice president of the same union, was not so fortunate. He was convicted of embezzlement in Cook County, Ill., on February 6, 1959. A third official of the same union, Anthony J. Conforti, president of local 1, is under indictment in Cook County.

Shortly before our hearings, Thomas Morgano, a Gary, Ind., hoodlum and a member of the Barbers Association in Chicago, mentioned in our hearings, was indicted in a matter unrelated to the committee's work for attempting to bribe a sheriff's deputy in Porter County. He was ordered deported by the U.S. Immigration and Naturalization Service in August 1959. An appeal of the deportation order has been denied.

The committee is aware that many additional cases are actively being investigated by the law enforcement authorities as a result of the testimony before it during its 3-year life.

Developments growing out of the committee's long investigation were not confined to criminal court activity by Federal and State agencies. There is a long list of other developments. The recital of some of the more outstanding will suffice to point up the many repercussions that result from an investigation of this kind.

Metro Holovachka resigned as an assistant prosecutor of Lake County, Ind., after being called before the committee to explain how he accumulated more than \$300,000 from 1952 to 1958 on a salary of \$12,000 a year. He denied that any of it came from racketeers and said later that the money represented funds held in trust for clients involved in real estate ventures.

The Bakery and Confectionery Workers Union was ousted from the AFL-CIO, which then set up a rival union, the American Bakery and Confectionery Workers International Union. The latter took over a substantial part of the discredited labor organization.

Lloyd Klenert and Anthony Valente were ousted as national officers of the United Textile Workers of America. The union itself was suspended temporarily from the AFL-CIO but was later reinstated under probationary conditions.

The committee has always felt that self-discipline and adherence to a proper code of ethics by both labor and management are the best deterrents to improper practices and racketeering. It is therefore pleased with the recent action of the Chicago Restaurant Association in setting up a vigorous program of self-discipline, and the formation of a council of restaurant owners in the Chicago area with a rigid code of ethics, indicating a clear-cut departure from past practices which allowed the infiltration of labor racketeering in this industry. The association is to be commended for taking this step in the right direction. It is hoped that other organizations and associations on the part of both management and labor will follow this example and adhere to the principles of self-discipline and strict adherence to a proper code of ethics.

The committee's disclosures of the activities of Nathan W. Shefferman and his firm, Labor Relations Associates of Chicago, Inc., brought two results. Merlyn H. Pitzele, labor editor of Business Week, who was implicated by testimony before the committee, resigned from the magazine shortly after the hearings ended. The United Packinghouse Workers, AFL-CIO, organized the Morton Frozen Food plant in Webster City, Iowa, after committee testimony highlighted the collusion between the Shefferman organization and James Cross of the Bakery & Confectionery Workers to put the company's workers in local 449 of that union.

William E. Maloney resigned as president of the International Union of Operating Engineers soon after committee hearings involving that labor organization, claiming ill health; however, the committee has reason to believe that there is still vast margin for reform of the internal affairs of this union, which in certain areas of the United States has been plagued by racketeer infiltration. Max Block, an international vice president of the Meat Cutters Union, who was also president of the Butchers District Council of New York and New Jersey and of Locals 342 and 640, severed all of his union connections immediately after appearing as a committee witness. His brother, Louis Block, stepped down as director of the Labor Health Institute in New York, which was supported by Locals 342 and 640 of the Meat Cutters. Other officers of the two locals also resigned.

The committee's hearings involving the so-called Mafia leaders who gathered for the Apalachin meeting on November 14, 1957, were designed primarily to show the connections of some of the delegates to the gangland convention with improper activities of labor and management and, secondly, as a general introduction to further hearings emphasizing gangster infiltration of the labor movement. These hearings also had an interesting sequel. A special group from the U.S. Department of Justice succeeded in indicting 27 of those who were at Apalachin on charges of conspiracy to obstruct justice. Subsequently, 20 of the defendants were convicted. Of the remaining seven, four are fugitives, to have had heart attacks precluding prosecutive action, and one was convicted.

While the foregoing events are tangible and recorded, the intangible and unrecorded effects of the committee's operations are undoubtedly

immeasurably greater. It is impossible to estimate the number of bad situations which have been corrected because of the exposures of the committee.

In any investigation of the scope and the length of the one the committee has now concluded, there are hundreds and hundreds of instances of splendid assistance and cooperation extended to the committee and its staff. If this assistance had been withheld, the difficult job the committee had to perform would have been immeasurably more difficult.

Where such cooperation has been forthcoming, it has been committee practice to acknowledge it as expeditiously as possible. There is always the risk in the preparation of a report such as this that in addressing itself to a public expression of gratitude for services performed for and on behalf of the committee, some deserving individual or organization may be overlooked.

Thus, as the committee proceeds to identify some of those whose assistance was particularly invaluable, it desires to emphasize that there is no conscious intention to ignore any person or group that may have contributed to the success of the committee's endeavors.

In the beginning, the committee established liaison with many of the departments and agencies of the Government. Some of them, notably J. Edgar Hoover and his Federal Bureau of Investigation, the Internal Revenue Service, the Department of Justice, the Immigration and Naturalization Service, Harry Anslinger and his Federal Narcotics Bureau, the Department of Labor, the Treasury Department, the General Accounting Office, the Government Printing Office, the General Services Administration, and other designated personnel who were in almost daily contact with the committee staff.

Comptroller General Joseph Campbell and his aides, who made available an average of from 35 to 45 accountants and investigators for long periods of time in many parts of the country, were particularly helpful in relieving staff members of burdensome and time-consuming, but necessary, day-to-day record searching and investigative chores.

In New York, District Attorney Frank S. Hogan and his staff, who have waged unrelenting war against labor racketeering in Manhattan for years, were a tremendous help, as was Police Commissioner Stephen P. Kennedy. Other agencies which were of great help to the committee were the New York Waterfront Commission and the New York State Crime Commission.

Similar cooperation was forthcoming from many other police departments, notably the Los Angeles Police Department and Chief William Parker and Captain James Hamilton of its Intelligence Division; the St. Louis Police Department and Captains John Dougherty and Thomas Moran; the San Francisco Police Department and Chief Thomas J. Cahill; the Dallas Police Department and Lieutenant George Butler; the Minneapolis Police Department and Capt. Don W. Johnson; the Sheriff's Office of Las Vegas, Nev.; and others too numerous to mention. State police departments, particularly those in Pennsylvania and New York, also contributed valuable assistance.

U.S. attorneys in many States, special assistants to U.S. Attorney General William P. Rogers, and Federal marshals and investigative units in many regions are also entitled to the commendation of the

committee, as are the insurance departments of many States, notably New York, Michigan, Illinois, California, and Texas.

Acknowledgment is also forthcoming for the fine support accorded by many crime commissions, particularly the Chicago Crime Commission and Virgil W. Peterson; the Miami Crime Commission and Daniel Sullivan; the New Orleans Crime Commission and Aaron Kohn; the St. Louis Crime Commission and James Connor; the Wichita Crime Commission and Maurice Corcoran and Dan Canfield; and the former New York Anti-Crime Committee, all of whom opened their files to committee investigators.

The committee also acknowledges the support of many private organizations too numerous to mention, and the excellent assistance provided generally by the newspapers of the United States and by radio and television media.

ACKNOWLEDGMENTS

The chairman, for himself and on behalf of other members of the committee, wishes to express appreciation to the staff of the committee for their unstinting performance of their duties, the many long hours which they have worked, and their devotion to their job over the past 3 years. The committee was unusually fortunate in acquiring such an able staff, whose complete loyalty and dedicated service, under the direction of Chief Counsel Robert F. Kennedy, have enabled the committee to successfully perform its duties.

As in many other Government tasks, the unknown soldier in the ranks often goes unnoticed. The file clerk, editorial clerk, and the stenographer, who toiled 18 hours a day, receive no notice. The investigator or the lawyer who worked late into the night to delve into the hidden and secret dealings of labor racketeers and their management confreres, and to lay the foundation for the hearings and enable the committee to document its findings, receives little credit or public acknowledgment of his accomplishments.

At its peak the committee had a regular staff of 50, and I feel that their work should be recognized and acknowledged. I therefore list the entire group of men and women who were regular members of the staff and who, at some time during the life of the committee, enabled the committee to carry out its assignment, and I gratefully commend them for a job well done.

Jerome S. Adlerman
Janet Allegrati
John A. Aporta
John W. Beck, Jr.
Susan Sloan Becker
Carmine S. Bellino
Dolores I. Brown
Marie K. Brucas
Maxine B. Buffalohide
Alphonse F. Calabrese
Mary Lynch Casey
John Cye Cheasty
Edgar Sanderford Clark

John P. Constandy
Dorothy H. Davies
Alice S. Dearborn
Gaston G. DeBearn
Evelyn M. Douglas
Margaret W. Duckett
LaVern J. Duffy
Robert E. Dunne
Dorothy E. Frey
Linda J. Gogoleski
Eleanor S. Goodman
Robert W. Greene
Lena K. Heck

Diana Hirsh	Eleanor D. O'Hara
Vernon J. Johnson	Catherine F. Osolin
Edward M. Jones	Mary E. Powers
James H. Joy	Ruth S. Price
Paul E. Kamerick	Harold Ranstad
Arthur G. Kaplan	Peter A. Reese
Verna M. Kaylor	Angeline M. Ricciutti
James P. Kelly	Rita D. Rowlett
Robert F. Kennedy	Marie M. Rufo
Rosemary K. Kennedy	Pierre E. G. Salinger
Mary F. Kenney	Lorraine Y. Schmitt
Jeanne F. Kilburn	Marie S. Scofield
George M. Kopecky	Yvonne Scott
Mary C. Kuhn	Mary Doryl Shea
Irwin Langenbacher	Walter J. Sheridan
Duncan M. MacIntyre	Annabelle K. Short
Joseph F. Maher	Evangeline Smith
Robert E. Manuel	Rachel Steinbeck
George H. Martin	Hannah H. Stokes
Margaret Mason	Elizabeth K. Sullivan
Lillian L. Mates	Mildred L. Switzer
Barbara L. Maxwell	John A. Terry
Walter R. May	Mildred J. Thomas
John J. McGovern	Paul J. Tierney
Michael J. McNerney	Martin S. Uhlmann
James J. P. McShane	Sara L. Vollett
Robert L. Meriwether	Inez M. VonDerau
Ralph W. Mills	Ruth Young Watt
Margaret Mobley	Georgia H. Wilber
Angela M. Novello	Sherman S. Willse
Leo C. Nulty	Nicholas C. Yost
Donald F. O'Donnell	Ruth B. Young
Philip Kenneth O'Donnell	

From time to time also the following persons were borrowed from other agencies of the Government and were of invaluable assistance to the committee:

E. H. Ackermann, General Accounting Office.
 Hugh C. Alexander, General Accounting Office.
 Wilston C. Almon, General Accounting Office.
 Clarence L. Andrews, General Accounting Office.
 Ethel Appel, Department of Labor.
 Sigmond D. Arbaugh, General Accounting Office.
 Robert R. Bacchus, General Accounting Office.
 Robert W. Bailey, General Accounting Office.
 Jack S. Balaban, General Accounting Office.
 G. Ray Bandy, General Accounting Office.
 Florence Barclay, General Services Administration.
 George R. Bartlett, General Accounting Office.
 Franklin D. Beasley, General Accounting Office.
 Collin Blick, General Accounting Office.
 Louis E. Bodony, General Accounting Office.
 Florence C. Boucher, General Accounting Office.

William R. Brande, General Accounting Office.
Patrick O. Brane, General Accounting Office.
William G. Braunlin, General Accounting Office.
Marion C. Brumbach, General Accounting Office.
Lawton M. Burnette, General Accounting Office.
John R. Burns, General Accounting Office.
Ernest J. Candilora, General Accounting Office.
Robert J. Cofini, General Accounting Office.
John P. Colman, General Accounting Office.
Stephen A. Conley, General Accounting Office.
Bernard Dall, General Accounting Office.
I. Chester Dean, General Accounting Office.
Ralph A. DeCarlo, General Accounting Office.
Karl E. Deibel, General Accounting Office.
Bernard T. Dembro, Jr., General Accounting Office.
Walter C. DeVaughn, General Accounting Office.
Dickinson W. Dicken, General Accounting Office.
Anthony J. DiSalvo, General Accounting Office.
Robert J. Dorn, General Accounting Office.
George D. Doyle, General Accounting Office.
Thomas A. Eickmeyer, General Accounting Office.
Robert J. Eilerman, General Accounting Office.
Charles Elston, Jr., General Accounting Office.
Clarence C. Farley, General Accounting Office.
Peter J. Femia, General Accounting Office.
Eugene M. Fiance, General Accounting Office.
John P. Findlay, Department of Defense.
John B. Flanagan, General Accounting Office.
Maurice Frame, General Accounting Office.
J. William Fresland, Jr., General Accounting Office.
Robert B. Frew, General Accounting Office.
Richard N. Ford, General Accounting Office.
Francis Gagliardo, General Accounting Office.
Charles R. Gardner, General Accounting Office.
Marvin E. Gettle, General Accounting Office.
Robert F. Gibson, General Accounting Office.
Robert M. Gilroy, General Accounting Office.
Martin B. Goldstein, General Accounting Office.
Joseph Y. Gordon, General Accounting Office.
Gerald G. Gotsch, General Accounting Office.
Marshall T. Gould, General Accounting Office.
Robert Gray, General Accounting Office.
Lois L. Groskort, General Accounting Office.
Max Grossberg, General Accounting Office.
Margaret E. Halligan, Department of Labor.
Joseph F. Haran, General Accounting Office.
Edgar G. Hart, General Accounting Office.
Morton E. Henig, General Accounting Office.
Walter H. Henson, General Accounting Office.
B. Franklin Herr, Jr., General Accounting Office.
Walter E. Herrmann, Jr., General Accounting Office.
George J. Horvath, General Accounting Office.
Max D. Howard, General Accounting Office.

Roy Howard, General Accounting Office.
D. B. Hudson, General Accounting Office.
T. G. Jankowski, General Accounting Office.
Donley E. Johnson, General Accounting Office.
Roger L. Johnson, General Accounting Office.
Margaret P. Junio, General Accounting Office.
Edwin J. Kolakowski, General Accounting Office.
May S. Ksheminski, General Accounting Office.
Clare A. Kurtz, General Accounting Office.
Harley W. Ladd, General Accounting Office.
Miriam V. Larson, General Services Administration.
Dorothy S. Lenard, General Accounting Office.
Francis C. Lloyd, General Accounting Office.
Raymond J. Mahach, General Accounting Office.
Walter L. Malone, General Accounting Office.
Gordon W. Marshall, General Accounting Office.
Charles W. Mattox, General Accounting Office.
John J. Mayer, General Accounting Office.
John F. McCarthy, Department of the Treasury.
John McElligot, Department of the Treasury.
Denzel J. Melvin, General Accounting Office.
Minor J. Miller, General Accounting Office.
Frank V. Miniaci, General Accounting Office.
Allen E. Moore, General Accounting Office.
Charles H. Moore, General Accounting Office.
Harry A. Moran, General Accounting Office.
Milton Morvitz, General Accounting Office.
Larry G. Moseley, General Accounting Office.
James F. Mundie, Department of the Treasury.
George L. Nash, General Accounting Office.
Kenneth W. O'Brien, General Accounting Office.
Luverne C. O'Brien, General Accounting Office.
William L. O'Leary, General Accounting Office.
Cecil C. Orear, General Accounting Office.
Thelma Page, Department of Labor.
Vincent J. Palazzolo, General Accounting Office.
William D. Paton, General Accounting Office.
Francis J. Pfeiffer, General Accounting Office.
Vincent Phillips, General Accounting Office.
Frederick P. Pickard, General Accounting Office.
Francis X. Plant, Department of Defense.
Levin L. Poole, General Accounting Office.
Ross K. Prescott, General Accounting Office.
E. L. Prevost, General Accounting Office.
John Prinos, General Accounting Office.
Minora Rasky, General Accounting Office.
Millard F. Reeves, General Accounting Office.
Paul T. Riebesell, General Accounting Office.
Herbert J. Rose, Jr., General Accounting Office.
Romolo W. Rossi, General Accounting Office.
Charles V. Runge, General Accounting Office.
Maurice E. Sabath, General Accounting Office.
Donald A. Savage, General Accounting Office.

Walter J. Sawa, General Accounting Office.
 Emery F. Schaffer, General Accounting Office.
 William E. Schowengerdt, General Accounting Office.
 Carl M. Schultz, General Accounting Office.
 Albert J. Shartle, General Accounting Office.
 D. D. Sigfridson, General Accounting Office.
 Theodore R. Simon, General Accounting Office.
 Richard G. Sinclair, General Accounting Office.
 Charles Smith, General Accounting Office.
 John W. Sprott, General Accounting Office.
 Harry T. Statham, General Accounting Office.
 Ellis S. Stone, General Accounting Office.
 Richard Storch, General Accounting Office.
 Alfonso J. Strazzullo, General Accounting Office.
 Wallace W. Sturtz, General Accounting Office.
 Dan C. Sullivan, General Accounting Office.
 J. K. Sumner, General Accounting Office.
 William J. Suntum, General Accounting Office.
 Lee Tarshis, General Services Administration.
 John T. Thiede, General Accounting Office.
 L. F. Thompson, General Accounting Office.
 Helen M. Thorpe, General Accounting Office.
 Joseph Unger, General Accounting Office.
 Julius A. Utecht, General Accounting Office.
 Alfred Vitarelli, General Accounting Office.
 Francis J. Ward, General Accounting Office.
 Luther L. White, General Accounting Office.
 Lee Wiesner, General Accounting Office.
 John D. Williams, General Accounting Office.
 R. S. Wingfield, General Accounting Office.
 VeLoyce G. Winslow, General Accounting Office.
 Charles E. Wolfe, General Accounting Office.
 Lehman F. Woodside, General Accounting Office.
 Robert G. Worrath, General Accounting Office.
 Michael R. Yasher, General Accounting Office.
 Edward W. Young, General Accounting Office.

The committee also expresses its appreciation for the splendid assistance provided by the following members of the New York City Police Department:

Joseph T. Corrigan, detective, criminal intelligence squad.
 Cyril T. Jordan, detective, criminal intelligence squad.
 Natale Laurendi, detective, district attorney's office squad.
 James S. Mooney, lieutenant, criminal intelligence squad.
 Thomas W. O'Brien, detective, criminal intelligence squad.

Finally, the committee thanks the following individuals, on loan from the Government Printing Office, for their valuable contribution toward the preparation of this report and of the index to the hearings:

Laurence S. Frank	Joseph Roth
Matthew W. Kehoe	Donald A. Watt
Vincent T. Radula	Frank J. Wirdzek



