CHAPTER X

FROM UNDER A ROCK:

ORGANIZED CRIME'S INVOLVEMENT IN FLORIDA HORSE RACING

Where there's vice, there's corruption. Criminals have always found ways to infiltrate money-making enterprises to divert profits to themselves outside the normal channels of business. While "service" crimes such as bootlegging, prostitution, and gambling provided the underworld with off-the-books income, investment in legitimate businesses to launder illegally-gained income or to skim profits—original pre-tax dollars—afforded the criminals a screen behind which they could more safely continue their illegal activities. Sometimes, investments in legitimate businesses, over time and through generations, weaned criminals from illegal activities. Other criminals remained outside the law their entire lives. Bootlegging did not topple Al Capone; evasion of federal income taxes sent him to prison. Race-tracks, with their aura of thrilling finishes, beating the odds, the sure thing, and thousands of dollars bet by unknowing suckers, provided the perfect set-up for the unscrupulous.

Criminals at racetracks came in many forms: owners who
put their horses in races to lose so the next time they raced
the odds would be longer and the owner could collect on a
sizeable bet; trainers who substituted ringers (fast horses
under slow horses' names) to collect large bets on long odds;
jockeys who held back or stimulated (through drugs--a half a
grain of heroin on a horse's tongue, for example--or
electric shocks) horses to manipulate the outcome of races;
stable hands who stuffed cloth up horses' nostrils to
constrict their breathing and slow them down; starters, like
Curly Brown, who postponed the starts of races until the
right horses were ready to run while the others could be left
at the post; judges who allowed or disallowed objections of
interference, placing losing horses ahead of winners; book-
makers who manipulated odds, laid off bets onto other book-
makers, or absconded with the money before paying out on
long-priced winners; and touts who sold inside information to
gullible bettors. Some jockeys bet to supplement their
income. Trainer Woody Stephens recalled earning thirty-five
dollars a month as a jockey in 1931. He said
"Purses and the riders' share of them were so small that you almost had to bet to
survive. Jockeys bet on the horse they figured to win,
whether they were riding it or not. Today, that's a crime." Opportunities to cheat abounded in the unregulated world of
horseracing. Organized crime flourished in this milieu.
Reformers as early as 1800 declared that horseracing degenerated from sport to merely a system of gambling. The notion of improving the breed won out over racing's critics but the taint of vice persisted. Opposition to gambling coalesced so that by the late 1890s state laws and local ordinances prohibited most forms of games of chance. But the laws did not stop people from gambling. The rich continued their private gaming; the poor played the numbers and policy games, while the reformers tried to control them. Gambling moved into respectability when linked with capitalist speculation on the stock market. Leisure gambling, however, remained suspect as the recreation of idlers. As the country moved from reciprocal economics in small communities to a commercial economy among strangers, so too did gambling change. The cyclical loss and gain among a closed circle of acquaintances afforded members the opportunity to recoup their losses from the next game, contest, or race. In a commercial economy, strangers drained the money from the community. Legislation attempted to control and protect the community—from itself and from professional gamblers. In the early nineteenth century in the North, local ordinances prohibited public gambling but people continued to gamble in private. In the South, legislation targeted the results of excessive gambling—disorder, vice, and loss—rather than gambling in general. People's desire to gamble often over-
rode moral objections or financial considerations; gambling was fun, exciting, and a diversion from the daily routine. Greed, something-for-nothing, and risk-taking all factored into the game.

By the turn of the century the largest profits realized from horseracing fell into the bookmakers' pockets. Betting on the races evolved from friendly wagers among owners to individual bookmakers reckoning the odds of winning for each horse independent of the prices offered by their competitors in adjoining betting stalls. At Hialeah in 1930 C. R. Grannis swore in a deposition that of the sixty bookmakers operating at the racetrack two belonged to George McManus, a gambler and bookmaker, "recently acquitted on the charge of killing Arnold Rothstein in New York." He further noted that two employees of the Pinkerton Detective Agency protected "the bookmakers' interests at the track, as well as the Jockey Club's interests." When racetracks outlawed bookmaking on the tracks, off-track independents joined syndicates to have more money available for paying off winning tickets and to receive race results from the wire services. After 1931 when Florida legalized pari-mutuel betting, bookmaking could only be conducted illegally off the tracks. Organized crime, willing to fill any illegal but profitable niche, engaged in bookmaking. Their involvement began years
before.

Defining organized crime has become a pastime of law enforcement agencies since the anti-immigrant hysteria in the 1910s and 1920s. Stories in the newspapers, pulp novels, and motion pictures abounded about the Black Hand, La Cosa Nostra, the Mob, the Mafia, Murder Inc.—mostly of Italian, specifically Sicilian, origins—bound by blood, a code of silence, oath of vengeance, hierarchy of dons, families, and soldiers, all shrouded in mystery. In actuality, many criminals were not all that organized and those that were belonged more to a loose confederation of alliances than to a rigidly structured organization. Just as not all Sicilians were criminals, not all criminals were Sicilian. Germans, Irish, English, and Jews participated in criminal activities within and across ethnic boundaries. The interconnectedness of underworld individuals figures prominently in Florida horseracing.

In the 1920s, horseracing attracted thrill-seeking bootleggers not just for the sport but as an investment. Owney "The Killer" Madden, an English-born bootlegger, gangster, and murderer, ran the Cotton Club in Harlem, New York, and Rockingham Park racetrack in New Hampshire.

He allied himself with Dutch Schultz, Bill Dwyer, Charles "Lucky" Luciano, and Meyer Lansky. When Madden "retired" from New York, he moved to Hot Springs, Arkansas to run a
gambling casino, the Southern Club, financed by Meyer Lansky and Frank Costello.

William Vincent "Big Bill" Dwyer also began as a bootlegger during Prohibition in 1920. Within five years this multimillionaire owned racetracks in Montreal, Cincinnati, and Miami. Before Dwyer set his sights on Miami, he took over Keeney Park in Jacksonville, and renamed it St. John's Park. Because of his close association with Owney Madden, he brought in more and better horses than Keeney had been able to attract. Canadian bootleggers Atlas Finance Company invested excess profits in several racetracks in the United States, including Tropical Park and Coney Island Race Track, outside Cincinnati. Dutch Schultz inherited the Coney Island Race Track and Owney Madden got Tropical Park where he set up Dwyer as managing director.

Despite Prohibition, and because he was such a successful bootlegger, Dwyer threw a party every Saturday night in a Jacksonville hotel where the champagne flowed freely. When he decided to move in on horseracing in Miami, Dwyer had already been making contacts with the wealthy who patronized his Palm Island nightclub. On January 13, 1937, Florida State Racing Commission secretary Parks Glover "went over to and Palm Island Club... with Senator Hilburn, Joe, Frank Rogers and had a nice time. Bill Dwyer, Manager and Owner of Tropi-
cal Park gave a big party. . . . Senator Hilburn has had the time 12 of his life."

Dwyer invited four hundred wealthy nightclubbers to a lavish $100,000 party for Joseph Widener at the Biltmore Hotel. After the party he proposed a partnership with Widener to operate two racetracks in South Florida; Widener not only refused but said no horses which ran at Dwyer's Tropical Park would be welcome at his Hialeah. Widener's clout convinced the owners of the best horses not to race at Tropical Park. Dwyer could not generate the $300,000 daily play to break even, and with his nightclub failing, turned to Madden and Frank "The Enforcer" Nitti for financial assistance. Meyer Lansky sent Frank Erickson with an offer and some threats from James Donn who had not yet been paid for his 1931 landscaping work. Tropical Park owed James Donn's Exotic Gardens about $30,000; rather than pay him outright, they brought him, and other local creditors like general contractor George W. Langford, in to sit on the board of directors in 1933. Donn wrote to Governor Dave Scholtz in August 1933 requesting advice on how to get paid for his landscaping services when the racetrack was not receiving "equitable treatment from the Racing Commission" in the allocation of racing dates; Sholtz replied that he felt he should not "interfere or exert personal influence in matters of this kind which are entirely in the hands of the Racing Commis-
sion, appointed by me and in whom I have absolute confidence." With Lansky's foot in the door, and the track continuing to lose money, Dwyer and Atlas bowed out in 1936. The track lost money from skimming with a scheme called "sheet switching" which is a method of substituting a false calculating sheet for a true and correct sheet" of ticket sales on each race. James J. Walsh, Mutuels Manager, approached the track auditor, H. H. Chilson, with a proposal to switch sheets because

Mr. Dwyer, his employer, was in serious financial difficulties and needed some $10,000.00 to $20,000.00 at the earliest possible moment; that Mr. Dwyer was not making money in his other business ventures and that it would be impossible for him to get this amount of money from the regular operations of the association at Tropical Park.

Mr. Walsh further stated that Dwyer needed part of this money for the financing of a meet at Coney Island, Cincinnati, Ohio and part to be used as bribes to various federal men in an attempt to clear himself of a federal indictment regarding income tax irregularities.13

The other participants included the odds man, two calculators, and ticket room man. Chilson reported the scheme to the Racing Commission whereupon they ruled off the track and revoked the licenses of Walsh, the odds man, ticket room man, and Art Bieler who had originally contacted Chilson. The financial gains from horseracing, however, procured, did not escape the notice of Meyer Lansky. The premier gambler, Arnold Rothstein, had introduced Lansky and
his partner Charles "Lucky" Luciano to high-rolling gambling and horseracing at Saratoga Springs in upstate New York.

Under pressure from State Senator Ernest Graham and Governor Spessard Holland, the Florida State Racing Commission denied Dwyer a license to operate a racetrack and he sold Tropical Park. James Donn defended the operators of the racetrack who have "accepted their duties as Officials of the track conscientiously and sincerely, and to the best of our knowledge nothing has ever taken place on this track that we as citizens of Florida, as honorable gentlemen, need hang our heads..."

With Lansky as an invisible string-puller, the new puppet owners of Tropical Park fronted for him as a respectable group. A. Denby, Marty Madden, Jane Levy Fox, and William O'Brien owned fifty-one percent of the stock as trustees for W. P. Denby; John Patton owned sixteen percent in the name of M. Powell; Frank Erickson owned twenty percent in the name of Abraham Allenberg; and William Kelly owned thirteen percent. Erickson's records, seized in a 1950 raid by New York District Attorney Frank Hogan, show that he invested $250,000 in the Gables Racing Association in 1935. Correspondence through 1945 showed that he held 36/65th of the stock and Johnny Patton owned 29/65th. A. Denby was Owney Madden's father-in-law, William O'Brien was the
brother-in-law of Madden's brother, Jane Levy Fox was the widow of Madden's ex-partner "Big Frenchie" Fox, Herman Stark managed Madden's Cotton Club, Frank Erickson took over Arnold Rothstein's gambling business, and John Patton represented Al Capone's Chicago group. The state government thought they cleaned house; instead, the new rug they laid contained the same fleas with different names. There is uncorroborated speculation that Lansky also controlled Gulfstream Park through James Donn after Donn purchased the track in 1944.

When the Racing Commission found out about the true owners they forced the stockholders to sell. Four groups vied for control: the Local Group (James Donn, George Langford, and E. N. Belcher), the Boston Group (Mr. Stoneman and Lawrence Berenson), the Chicago Group (John D. Hertz and local attorney J. E. Yonge), and the New York Group (Charles A. Munn, Gurnee Munn, and Henry L. "Harry" Straus). The Commission found out that Frank Erickson assisted in the financing of James Donn's Local Group. They determined that Erickson "was not acceptable to the Commission as a person to remain a stockholder or interested in the future control of the track in any way, shape or form." The New York Group prevailed and on September 3, 1941 presented a contract to purchase eighty-seven percent of the Gables Racing Association stock. James Donn and George Langford remained on the board of directors. Erickson's records indicate Straus
finished paying off the $370,000 note on the stock in April '45, 1946 plus $80,000 in four equal installments due January 2, 1946 from Straus to Abe Allenberg for Erickson's and Patton's percentage. Besides racetracks, gangsters began to purchase horses and stables. Woody Stephens remembered that during World War II a lot of the black market profits found their way to the racetrack. "The Mafia began to get a hold in the business, too, making some of the owners a cut different from what they'd been before."  

Lansky controlled the casino gambling in Broward County surrounding Gulfstream Park. His longtime friend Moses L. Annenberg of Chicago helped Lansky set up the wire service for the local racetracks which bookmakers throughout the country relied on for race results. In 1927 Annenberg bought a half-interest in the General News Bureau, the dominant racing wire in the Midwest, squabbled with his partners, then set up a competitor company called Nationwide News Service. They settled out of court and Annenberg monopolized the wire service. The wire service laid the groundwork for other sports betting and the underworld's investment in racetracks.

Some track owners sold the exclusive rights to their race results to Nationwide News Service; others did not cooperate and Annenberg pirated the news. From either inside
or just outside the track, Annenberg's employees telegraphed the results to the central office in Chicago which relayed it throughout the country to subcenters. The bookmakers received the information from the subcenters. Annenberg had purchased the *Daily Racing Form* in 1922 and its competitor the *Morning Telegraph* a few years later. By 1939 Annenberg monopolized horseracing news. He owned the Philadelphia *Inquirer* and published the tabloid *Miami Tribune* for two years until he sold it in 1937 to rival *Miami Herald* newspaper publisher John Shively Knight. Two years later Annenberg walked away from the wire service while the Internal Revenue Service and the Department of Justice investigated his income tax returns and monopoly control of the wire service. Like Al Capone, Annenberg, in 1940, went to prison for income tax evasion, and died of a brain tumor in 1942, five weeks after his release. The racing wire service business declined steeply in the 1950s with the near extinction of betting parlors. A few years after Western Union took over carrying the wire service from American Telephone and Telegraph, their profits from the illicit traffic were nearly half what AT & T had earned ten years previously.

Even with the demise of the wire service, bookmaking continued. Television replaced betting parlors and changed the face of bookmaking.

In January 1937 Racing Commissioner Joseph R. Stein
reported to Governor Cone that Sheriff Lawrence "wrecked a
bookie place in West Palm Beach." He thought it was the
relay point between Waycross, Georgia and Miami. "I believe
now that this service is out, and if it can be kept out, we
will have little trouble from bookies in the future in Miami
and vicinity." Ten days later Parks Glover informed Cone
that the Racing Commission had someone checking on Sheriff
Lawrence's enforcement of the anti-bookmaking laws. He
apparently mistrusted Lawrence's willingness to follow
through in seriously closing down the bookmaking operations.
He "did not think it was a good policy to let him know we
were up there checking on him; but, in the event he does not
close them, will let you know." The same week Cone wrote
to Glover that he had been informed that Joseph E. Widener of
Hialeah "is leasing a Western Union wire to people who
operate bookies....Tropical Park Track pays $250.00 per day
for this leased wire and find out if Widener is doing
that." Glover claimed that the wire service "is not being
distributed in Florida. We have the bookies on the run in
Dade County, and there is absolutely no booking going on
except just a little on the bootleg style." Despite
Glover's optimism, bookmaking continued apace. The perfun-
ctorial arrests and trials resulted in fines but no imprison-
ment. In frustration, Glover admitted to Cone
They have tried a number of bookie cases for the past two weeks and I don't believe we have gotten a conviction yet. It looks like it is impossible to get anything except a mistrial. I think they have a crowd of professional jurors that hang around the Court House and do nothing else. They are all more or less obligated to the bookies or are in sympathy with them.26

It was more profitable to fine the bookmakers and gamblers than to jail them. The city of Hallandale functioned on the money collected in fines and forfeited bonds. The city attorney in the late 1940s, Joseph Varon, recalled,

We filled up the treasury in the winter months and by the end of the summer, we were running low. So in September, we would get a loan of ten thousand dollars from the bank to tide us over until the casinos opened again.27

The gamblers, in effect, paid the city a disguised municipal betting tax. On a charge of disorderly conduct, the gambler would post bond against appearing in court later in the week. His failure to appear forfeited the cash bond. The fines increased as the number of casinos did.

Joseph Widener supplied Governor Cone with a list of undesirables, bookmakers, and touts ejected from Hialeah Park and the disposition of their court cases. In the first fifteen days of Hialeah's 1938 season, the management ejected twenty-seven undesirables and/or touts. Their fines ranged from $10 (six), $25 (two), $25 or thirty days in jail (one), $30 (two), to thirty days in jail (one). All listed local

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addresses although sixteen had home addresses in New York City, Cincinnati, Washington, D.C., Chicago, Baltimore, Detroit, Louisville, Oklahoma, Iowa, and Covington, Kentucky. Of the fourteen bookmakers ejected from Hialeah during that same period two lived in Cleveland, and two in New York state. Four additional bookmakers from New York, New Jersey, and Minnesota, living in Miami Beach, were convicted; two paid $100 and two paid $200 fines. Appreciative of Widener’s cooperation, Cone asked if he could locate "any bookie joints, and cooperate in ruling all undesireables [sic] off the tracks for all time and not permit them to go on the tracks, it will get rid of them..." The same Pinkerton's National Detective Agency, Inc. accused eight years earlier of protecting the bookmakers as well as the track, now claimed they "were instrumental in ejecting, and in some instances convicting a number of undesirables and bookmakers" at Hialeah Park. They agreed to assist the Racing Commission in ferreting out bookmakers. Four years later the Pinkerton's services left the Racing Commission dissatisfied. W. L. McGriff reported to the commission that the Pinkerton Detective force on duty at [Tropical Park and Hialeah] the past season did not support and cooperate with employees of the State Racing Commission in rigidly enforcing the State Commission rules prohibiting bookmaking, touting and other objectionable activities. It is further recommended that a change of personnel in the Pinkerton force be required at these two tracks.
In 1948 racing commissioner Roy Patience complained to Roy Fuller Warren that the bookmakers overran Tropical Park, resulting in a "terrific drop in the mutuel play." Bookmakers continued to plague the Florida racetracks despite whatever attempts to eradicate them officials conceived. As early as 1937 Parks Glover stressed, and Governor Cone agreed with him, that there was some talk of legalizing bookmaking over the state of Florida; but, I think that would be a terrible mistake, as it would be just like the slot machines--where you would have one legal, there would be a dozen illegal ones and the type of people who would go in for this would have to be watched and I am afraid that the supervision would cost more than what the state would get out of it. It would also cut down the gate receipts at the tracks for which we are receiving 15 cents on the dollar now.34

The gamblers divided up the territory. Anthony "Little Augie" Carfano had staked out Miami and Miami Beach so Meyer Lansky concentrated on Broward County to the north. Lansky and his associates--Meyer Wassell, Vincent "Jimmy Blue Eyes" Alo, Joe Adonis, Phil "The Stick" Kovolick, and his brother Jake Lansky--purchased land, built hotels, and bought houses in Hallandale and Hollywood. They operated the gambling casinos, Greenacres, Colonial Inn, La Bohème, and the Plantation which became the Farm. As Lansky's influence spread in south Florida he and his New York colleagues partnered with, absorbed, or overpowered the local talent. Lansky encouraged investments from Chicago, Cleveland, Detroit, New
York, Philadelphia, and St. Louis gangsters, befriending them while local gangster Carfano lost power. In the 1970s Lansky admitted that until 1959 his business included partnerships in racetracks and hotels with gambling, ownership of supermarkets, and the distribution of juke boxes.

Not only did the northern gangsters bring their businesses to south Florida, but they vacationed there as well on neutral turf. When Al Capone first visited Miami he occupied an entire floor of a downtown hotel. Finding Miami to his liking, in 1930, after serving time in prison for income tax evasion, Capone purchased St. Louis brewer Clarence Busch's house on Palm Island in Biscayne Bay for $40,000. Capone led a protected life in Miami. Besides the physical concrete block wall and heavy oak gates surrounding the fortress-like estate, Capone insulated himself politically from police harassment. Even though Governor Doyle E. Carlton "issued an order to the county sheriffs in Florida to arrest Capone on sight and move him out of the state," one of Carl Fisher's correspondents informed him that he learned from the police stationed at Capone's house, that they did not have any orders to arrest Capone at any time. They were told to call Police headquarters when he went out and to take license numbers of cars visiting there.42

Fisher's correspondent Mike also informed him that Capone
Influence to obtain a judgeship for a former law associate.

On the city council, the syndicate's attorney used his

their influential business contacts, William Burbridge, met

making denials that tenants were not guilty of

(making about $47,000) from their illegal offshore book-

season. In 1948 the syndicate grossed about $26.5 million.

could bet the horses; leases had increased to $20,000 for the

almost three hundred hotels had悄然 stands where a tourist

horse racing bets on the hoot, cost $5,000. By the 1940s

extracted fees to open businesses; a cigar stand—which took

bookmaking operations in South Florida. In Miami Beach, they

the race, established by local gamblers in 1944, controlled the

The S and G (acknowledged "Stop and Go") bookmaking syndicate.

Clark's winning horse.

horse runs, he'll run to win. "Capone switched his bet to

hold back this horse, Clark told Capone's horseman. "If my

fix a race in which Clark's horse was running, when told to

future president of Hialeah, John C. Clark. Capone tried to

shoot at Hialeah Park and in the 1920s had a run-in with the

Vendetta, Capone beretted Miami jockey club president Joe

track, Carver, a gambling house, and Albert Bouchard's Villa

delays, "and controlling interests in the South Beach Dog

gambling room in which he installed crooked gambling

$25,000, a one-fourth interest in the Flordia Hotel

purchased a one-fourth interest in the Island Club for

A (Capone)
In a clear case of conflict of interest, the city attorney, Ben Shepard, represented the syndicate in lucrative land transactions after which, in his government capacity, he favored a rezoning law which tripled the syndicate’s profits. When the police arrested any of the two hundred bookmakers, between 1944 and 1950, their punishment consisted of a fine without a jail sentence; they paid their fine and went back to work.

The gangsters corrupted some government officials and politicians as well. In 1937, Governor Fred Cone decried that

...the gamblers and racketeers [sic] are active in every political campaign and place large sums of money in every campaign and especially do they try to elect a governor so they can control the state...46

On a more local level, Mike J. G. reported three incidents to Carl Fisher as examples of "the futility of trying to rid the community of a man like Capone, with our present City and County officials." One incident sums up the extent of corruption in local law enforcement:

Ralph Kervens, a bootlegger was highjacked of 300 cases of whiskey by the Sherriff’s [sic] office, the whiskey being taken to Hialeah and stored in a barn where the bootlegger who lost it, located it, and went with his own trucks and gang to recover it. While they were loading it the Hialeah police arrived, and placed them all under arrest and took their liquor [sic] to the Hialeah police station where the Sherriff’s [sic] office came and took 100 cases, and sold it to the Biltmore Hotel in Coral...
This was reported to the government and they made an investigation, but somebody bought [sic] them off. 47

This incident would be comical if it was not so serious.

Corruption extended into journalism. When John S. Knight took over the Miami Herald he found that "sportswriters were on the payroll of the Hialeah racecourse, receiving cash for stories favorable to the track." He tackled the "journalistic leeches" in one of his columns, stating that "the public has a right to look to newspapers as protectors of its interest. That interest cannot be guarded when reporters receive this sort of outside compensation. No man can serve two masters." When the newspaper printed a story by reporter Steve Trumbull about the widespread illicit gambling, news editor Ben Maidenburg caught the irony; publisher Knight loved to gamble and regularly frequented the racetracks and illegal casinos. Despite criticism for publishing horseracing results as "free advertising for bookmakers," Knight insisted upon publishing legal racing news, stating that "We can't reform the betting instinct by pretending that racing doesn't exist." Yet that did not stop him from exposing the corruption and engineering the retirement of managing editor Ellis Hollums whom Miami chief of police Leslie Quigle told Maidenburg was "in thick with gambling in this town." When confronted with the anti-gambling article, Hollums described Miami as "a tourist town."
Tourists want gambling. They want to have a good time and a little excitement...." His response reflected the attitude of many people in the Miami area, including police and elected officials. Much of the economy depended upon tourism; to lure tourists community leaders turned a blind eye and a deaf ear to the rampant gambling and prostitution (and free-flowing liquor during Prohibition). Gamblers operated in the open; there was no need for secrecy. Not only were the officials willing to look the other way, but some actually profited handsomely from partnerships with, and/or bribes from, organized crime. Weekly cash payoffs protected gambling casinos against raids or harassment. Casino owners could afford to pay for protection for the high rollers and headlining entertainers, such as Carmen Miranda and Ray Bolger, who frequented the fancy nightclub. The Colonial Inn, for example, in one night saw half a million dollars action at the gaming tables. Daniel P. Sullivan, director of the Greater Miami Crime Commission, realized

There is quite a large group of people that think that gambling is an asset in that it is an inducement to the tourists. They feel that it is just a question of placing a dollar bet, and the average person does not realize the ramifications of what happens when it becomes highly organized and operated by syndicates.55

One of the most notoriously lackadaisical law enforcement officers, Sheriff Walter Clark of Broward County,
formerly a butcher, began his long term in office in January 1933. Elected on the liberal ticket, which he translated as "wide-open," Clark admitted he "let them have what they want for the tourists down here." Residents reelected Clark because he kept law and order, and arrested people for violent crimes. He tolerated bootlegging, prostitution, and gambling because he believed they were not hurting anyone: "I am not going around snooping in private businesses and homes." Clark's selective law enforcement benefited tourism. His armed deputies guarded Lansky's Colonial Inn casino and protected the armored cars carrying the money to and from the banks. Yet, in testimony in 1950, he denied knowing that the Colonial Inn or any of the other fifty-one casinos offered illegal gambling. When Senator Estes Kefauver asked, "You have never known that there was gambling in those places?" Clark replied, "Rumors, but no actual evidence of it." Kefauver found out from Clark that he had "eaten in some of them at charity affairs, though he had never seen gambling there except when he went on raids. Raids were conducted only on complaint. He never checked up to see whether operations were resumed." To supplement his $7,500 annual government salary, Clark co-owned with his brother Bob, a deputy sheriff, half of the Broward Novelty Company which leased illegal slot machines and bolita games (Cuban numbers lottery). In 1945 each collected almost $13,000 and in 1946
almost $17,000 from this business. After the Kefauver hearings, Governor Fuller Warren suspended Clark, the Broward grand jury indicted him on fourteen counts, but the jury totally acquitted him. Within a year he died from leukemia.

Even the top law enforcement officer of the country, J. Edgar Hoover, frequented the racetrack when he came to Miami on his annual winter vacation. He and his assistant/companion Clyde Tolson indulged their passion for racing at Hialeah, Del Mar in California, Bowie and Pimlico in Maryland, Charles Town in West Virginia, and Belmont in New York. They had special tables and complimentary box seats at each of these racetracks. Known gangsters often stopped by to chat and be seen with Hoover. Hoover’s special Hoodlum Squad identified gangsters for him to avoid tarnishing his image too publicly.

In Florida, Hoover consulted Meyer Lansky’s associate Phil Kovalick for tips on winners. And in California, Hoover regularly used mob bookmakers. Despite the FBI’s propaganda that Hoover only made $2 bets, he often placed $200 bets at the track from Frank Erickson’s tips via Frank Costello. Costello once said, "Hoover will never know how many races I had to fix for those lousy ten-dollar bets." Chicago gangster Sam Giancana’s half brother Chuck knew that Hoover was
on the take.

Hoover didn't want an envelope each month... so we never gave him cash outright; we gave him something better: tips on fixed horse races. He could bet ten thousand dollars on a horse that showed twenty-to-one odds, if he wanted... and he has.63

Hoover frequented the same Miami restaurant, Joe's Stone Crabs, as Al Capone, Meyer Lansky, and Frank Costello. He knew them, met and conversed with them, and left them alone to do their business. They had an understanding. The mob took care of Hoover at the racetrack and provided information to him that would not harm their business. Hoover, in turn, denied that organized crime existed. Hoover's homosexuality also bought his silence. Meyer Lansky knew about it, supposedly had explicit photographs, and "used it to neutralize the FBI as a threat to his own operations."64

Hoover's friend George Allen, who is not connected to the mob, overheard a conversation in which Hoover told Frank Costello that as long as he stayed out of Hoover's baliwick, he'd stay out of his. Gambling was not a federal offense and the two could operate in parallel spheres. Hoover once said, "The FBI has much more important functions than arresting gamblers all over the place."65 After all, Hoover gambled and boasted about illegal gambling. Robert Mardian, an Assistant Attorney General under President Richard Nixon, recalled that Hoover said

he was once in an illegal race parlor down in
Florida where you could have dinner and place bets and so on. And the Miami police raided the place. He laughed and said, 'Well, what a shock they got when they found me there! They cleared out faster than you can imagine.'

In an interview with the *Morning Telegraph* racing paper, Hoover voiced his opinion on horseracing.

Actually, from a law-enforcement standpoint, a well-conducted racetrack is a help to a community, if only for the reason that the people at the track are finding an outlet for their emotions, which if they weren't at the track, they might use for less laudable escapades.

Whether from Hoover's intimacy with mobsters and his special hands-off arrangement, his philosophy toward gambling, or concentration on other types of crime, it was not the Federal Bureau of Investigation which overturned the rock to see what would crawl out in Miami, but Senator Estes Kefauver's Special Committee to Investigate Organized Crime in Interstate Commerce in 1950 and 1951.


The function of the committee was to make a full and complete study and investigation to determine whether organized crime utilizes the facilities of interstate commerce or whether it operates otherwise through the avenues of interstate commerce to promote any transactions which violate Federal law or the law of the State in which such transactions might occur.

The committee was also charged with an investigation of the manner and extent of such
criminal operations if it found them actually to be taking place and with the identification of the persons, firms, or corporations involved.

A third responsibility which was charged to the committee was the determination as to whether such interstate criminal operations were developing corrupting influences in violation of the Federal law or the laws of any State. 68

Of the fourteen cities in which the committee held hearings, and heard testimony from more than six hundred witnesses, Florida contributed two--Miami and Tampa. In the Florida hearings, the committee explored four areas:

First was the subornation of law enforcement officials...Second was the penetration by the out-of-state hoodlums of the vastly profitable gambling dives, coupled with the infiltration of hotels and other legitimate enterprises...Third was the question of a $100,000 contribution from racetrack interests to the political campaign of the governor of Florida. Finally there was the saga of the S & G Syndicate, a powerful local organization that was the evil mentor behind a multimillion-dollar bookmaking ring. 69

Kefauver did not oppose horseracing. In fact, between graduation from Yale law school and his first congressional term, he spent a year in Hot Springs, Arkansas where he developed an interest in horseracing. Once he reached Washington, D.C., the congressman, and later senator, attended races at both Laurel and Pimlico racetracks in Maryland, placed bets, and expected free passes to the tracks.

On May 26, 1950 Kefauver began the hearings in Miami. From the testimony, Kefauver exposed to countrywide scrutiny
the political and criminal machinations in south Florida. The committee discovered the organized criminal groups in south Florida concentrated on gambling; local residents handled bookmaking while out-of-state racketeers ran the gambling casinos and games. Among the witnesses called was Dade County sheriff James "Smiling Jimmy" Sullivan, who admitted that his net worth after five years in office increased from $2,500 to $70,000 on his $4,200-7,500 a year public salary. Sullivan, visited by special investigator W. O. Crosby whom Governor Fuller Warren appointed, recalled that he and Crosby raided only S and G syndicate bookmakers. When Capone crony Harry Russell succeeded in insinuating himself into the syndicate as a partner, the raids ceased. Kefauver connected Russell with William H. Johnston, the president of the National Jockey Club at Sportsman's Park racetrack outside Chicago and the Miami Beach Kennel Club, and Capcne associate, which Johnston denied. Johnston contributed $100,000 toward Fuller Warren's gubernatorial campaign fund and Kefauver assumed the new governor was connected to the mob. Kefauver wrote that after a Dade County grand jury returned an indictment against Sheriff Sullivan, charging him with neglect of duty, failing to enforce gambling laws, and permitting deputies under him to accept bribes, Governor Fuller Warren, in October 1950, suspended Sullivan from office. Early in April 1951, however, the indictment having been dismissed on a technicality, the governor reinstated him, stating that his study of the evidence "does not
show the violation of any law of the state of Florida by Jimmy Sullivan..." The governor's action took place just before the state Senate was scheduled to take action which Florida political observers believed would have made Sullivan's removal permanent.74

Sheriff Sullivan resigned during the time the committee returned to Miami in 1951 to check on the anti-gambling progress since their hearings.

In Tampa, the committee found organized crime involved in gambling controlled by Lansky's friend Santo Trafficante, Jr. but no apparent connection to the Tampa racetrack. As in Miami, the sheriff, Hugh L. Culbreath, increased his net worth while in office—from $30,000 to more than $100,000. Culbreath allowed his brother and a county employee to run a bookmaking operation in the county jail. For all of its investigations and thousands of pages of testimony, the committee's work resulted in no new legislation.

Soon after his gubernatorial election in 1948, Fuller Warren, after initially denying any knowledge of campaign finance sources, admitted he had accepted major contributions from three friends, Louis Wolfson, C. V. Griffin, and William H. Johnston. Wolfson, a Jacksonville industrialist, owned the racing stable Harbor View Farm; Griffin made his money growing citrus; and Johnston, with ties to organized crime, owned a Chicago racetrack and a Florida dogtrack. Warren's relationship with Johnston damaged him politically. The
state legislature passed a campaign fund source disclosure and limit law in response to criticism of the governor's judgment. When Kefauver attacked and then subpoenaed him, Warren refused to appear before the committee. Miami newspapers demanded his impeachment. Warren returned the subpoena with a letter to Senator O'Conor invoking the duties and responsibilities of the governorship precluding his appearance and the sovereignty of the position as being beyond the reaches of the committee, i.e., states' rights. Warren learned from the press of six questions the committee planned to ask him, first responding by telegram, and later including his responses in the official declination letter.

He denied knowledge that any contributions to my campaign for Governor were received from gambling interests or gangster syndicates, and I know of no one who has any such knowledge.

No commitments were made by me to anyone about anything, and specifically no commitments were made regarding tolerance of gambling operations.

No such commitments were made, therefore, no steps were made to carry them out.

No arrangements were made at any time to permit and control activities of the bookie race wire service coming into Florida.

I have no "information regarding the relationship between the operation of rackets with an interstate aspect and the conduct of Florida law enforcement officers subject to the Governor's constitutional powers."

I have no knowledge of the penetration of any out-of-state gangsters, or local gangsters, into any legitimate businesses in Florida.

In a December 6, 1948 telegram to Fuller Warren, Charles A.
Morehead, a Miami lawyer and on the board of directors of Tropical Park, had suggested the governor-elect appoint Selden Waldo to the racing commission if secretary Beville resigned because of a rumor of a criminal past. Morehead reminded Warren that

Gables Racing Association, which as you know contributed generously to your campaign upon my recommendation, deserves consideration at least to the extent of naming one whom I consider to be one of the leading lawyers in Florida and whose character is beyond reproach as secretary of the racing commission.80

One week later Morehead wrote to Grady L. Crawford, a Miami lawyer, that Warren's reply disturbed him.

Fuller said he understood Gables Racing Association was not generous in their contribution. Rather the way he expressed it was he was not so sure of their generosity...and that what they gave was given very reluctantly....The money was obtained entirely by my solicitation....

The main thing about which I wish to assure him is that the $3,000 which Tropical donated ($2,000 in the first primary, and $1,000 in the second) was donated not reluctantly, but quite willingly, and entirely because I felt Fuller could win and would make us a better Governor than any other man in the field.81

Harry Straus, president of the Gables Racing Association, wrote to Fuller Warren, "Although the amount which we were able to give might not have been considered generous by you, at least it was more than we had ever given anyone before. It represented a third of our seasons profits..." Grady Crawford tried to smooth ruffled feathers all around by
suggesting to Frank Wright at Warren's campaign headquarters that Warren should write to Morehead and Straus thanking them for their help. "I see no reason to pursue this matter any further or do anything which might continue to upset or create controversy between the Coral Gables Race Track and the Governor."

The Miami Herald reported that Ralph W. Mills, investigator for Kefauver's committee, admitted

We had no direct testimony from anyone that Gov. Warren personally either received or solicited contributions for his campaign from known gamblers or racketeers. However, there are indications that this is not so among his campaign workers.

Again, this is not to say that Gov. Warren knew personally that his workers were receiving such contributions.

From Morehead's correspondence, it is clear that Fuller Warren knew more about his campaign financing than he willingly admitted publicly.

Warren defended himself by attacking. He released statements to the press noting the prevalence of gambling and bookmaking during three of his predecessors' administrations while affirming his anti-gambling stance, endorsing and signing the anti-bookie law, and challenging Kefauver to a debate.

Warren's predecessors, governors Holland and Caldwell, might not have been effective in cleaning up gambling in Dade and Broward counties, but they espoused good intentions.
response to a letter from Thomas J. Pancoast in 1941 approving of the "interest you have taken in cleaning up the vice and racketeering business in this section," Governor Spessard L. Holland stated he appreciated greatly your statement with reference to my stand on the law enforcement situation in Miami and Dade County. I am watching the developments in this matter with the utmost of interest, as I sincerely want to assist the good people there in any way that it is possible for me to help through the power of the Governor's office.

While Warren reiterated the separation of federal and state authority in his stance against the Kefauver committee, Millard F. Caldwell further delineated the role of state versus local government. He told a Floridian newspaper reporter in 1946 that

Dade county has called on me to take a hand in gambling problems. I have no lack of interest in local problems, but I seek permanent improvement. Local people have the responsibility in local problems, and if we get away from that theory we get into dangerous territory. The machinery for obtaining the kind of government the people want is in the hands of the people.

Fuller Warren's high profile and defiance made him a target. Dante Fascell and George Okeil, Dade County legislators, attempted to impeach Governor Warren in the 1951 legislative session. A house committee failed to find impeachable evidence among the Kefauver committee's records and they dropped the charges.

The hue and cry against the influx of organized crime
and racetrack-oriented criminals continued. During the 1950s when Senator Joseph McCarthy began seeing Communists under every bed and Senator Kefauver found organized crime under every rock, Americans needed to know that law enforcement would protect them from these threats to stability.

Horseracing, by nature a transient business, brought strangers to town. Governor Fred Cone wrote to the governor of Colorado in 1937 complaining that "the great lawless element including the rackateers [sic] from Chicago, New York and Philadelphia have flocked to our state during the racing seasons." 88 L. F. Chapman, superintendent of the Florida state prison at Raiford believed that a large class of criminals follows racing to prey on those who frequent tracks. After racing became established the complexion of the prison population began to change. We began to get bad gangs and virtually all of them were from outside the state. I have reason to believe a very large percentage of them came in for the racing season. 89

Other states experienced no increase in crime due to horseracing. Baltimore, Saratoga Springs, and Salem, New Hampshire, which houses Rockingham Park, all claimed no negative impact on the town from racing.

One proposed solution that proponents thought might eliminate organized crime's connections to horseracing was the legalization of off-track betting. New York Judge John M. Murtagh recognized the double standard of allowing betting on the track but banning it outside the gates. He advocated
legalizing off-track betting since "the underworld is thriving on our hypocrisy and stupidity. So long as we persist in our efforts to end gambling by prohibitory legislation, we promote police corruption." Legal, government-operated, and taxed off-track betting succeeded in eliminating illegal bookmaking in New Zealand and part of Australia. But would it work in the United States? British writer Martin Short does not think so. He claims that where gambling was legalized the mob was not cast out and corruption did not end.

When the state sanctions its own lotteries and betting shops—primarily to raise revenue—illegal gambling seems to carry on at the same level as before. Indeed illegal-gambling operators find they have a far larger pool of potential customers because new gamblers are born, people who have never gambled before but who lose their moral qualms when the state absolves the activity as a vice. Even honest police officers become cynical about enforcing gambling laws, asking themselves how illegal gambling can be so wrong when the state is running its own games.

Frank Costello said it most succinctly during the Kefauver hearings. When asked if it was possible to stop illegal betting, he replied, "Sure there's a way, and the authorities could make it work if they wanted to. All you have to do is legalize and regulate betting on national sports, like horse racing." Another witness, Arthur B. McBride, former owner of a wire service, shouted that "the only way to stop book-making was to stop horseracing." Instead, the Florida
State Racing Commission imposed a twenty-minute delay in racing transmissions to deter bookmakers which the news services and newspapers opposed. Robert E. Venn, manager of Miami radio station WMIE, partly owned by McBride, accused attorney general Richard Ervin of only trying to "localize gambling in a place where the state can assure itself a share in the 'take.'"

Lee Hills, a Miami Herald managing editor, began gathering information and compiling files on out-of-state gangsters and racketeers who relocated to the Miami area. He exchanged information with northern law enforcement agencies and fourteen newspapers, and meticulously documented the background information with photographs, criminal records, and current addresses of known criminals. Hills finally published his exposé beginning in July 1948 and, for the next several months, "Know Your Neighbor" appeared regularly. In 1965 the newspaper revived the series with updated information by Hank Messick.

With the spotlight on organized crime's activities, the anti-bookie wire law, and proliferation of dog tracks and jai alai with legal pari-mutuel betting, the climate for bookmakers changed. A 1974 study of pari-mutuel betting for Virginia reported that

Organized crime specialists in law enforcement interviewed in Florida felt that because that state
afforded its citizens so many outlets for legalized pari-mutuel betting (34 entities involving flat-harness--and quarter horse plus jai alai), illegal bookmaking on horse racing was on the wane there.98

The study concluded that "the elements of 'hard core' organized crime which did gain a foothold in racing ownership many years ago have virtually vanished. They have either been pushed out or have sold out." 99 As the gangsters retreated from the racetracks, horseracing's image improved in the public's mind. The advent of television, which displaced the wire service, brought horseracing into homes every Saturday afternoon. More than five million people at home, at the country club bar, and at the corner tavern, tuned in for the Race of the Week from Hialeah in the 1950s. The telecasts introduced racing to many viewers for the first time. By the 1960s, coverage extended to the New York races. The sport again became respectable.
CHAPTER X


2. Ibid., pp. 32-33.


12. Parks Glover Letter to Fred P. Cone, 14 January 1937, Cone Records, FSA.

13. Messick, Lansky, p. 88; Jack Bell, "From Nags to Riches, 'Twas Fun Every Day," *Miami Herald Fun in Florida Magazine*,
25 November 1956, p. 6; James Donn Letter to Dave Sholtz, 31 August 1933; Dave Sholtz Letter to James Donn, 13 September 1933; James Donn Letter to Dave Sholtz, 19 September 1933, H. H. Chilson deposition, 26 March 1934, Sholtz Records, FSA.


17. Messick, Lansky, p. 89.

18. Stephens, Guess I'm Lucky, p. 57; FSRC Meeting Minutes Executive Session, 3 September 1941; FSRC Proceedings, 15 August 1941; Gables Racing Association Letter to Florida State Racing Commission, 25 September 1941, FSRC Permit File; Miami Herald, 10 June 1950.


22. Joseph R. Stein Letter to Fred P. Cone, 27 January 1937, Cone Records, FSA.

23. Parks Glover Letter to Fred P. Cone, 6 February 1937, Cone Records, FSA.

24. Fred P. Cone Letter to Parks Glover, 4 February 1937, Cone Records, FSA.

25. Parks Glover Letter to Fred P. Cone, 6 February 1937, Cone
Records, FSA.

26. Ibid., 8 April 1937.


28. Ibid.

29. Joseph E. Widener Letter to Fred P. Cone, 28 January 1938, Cone Records, FSA.

30. Fred P. Cone Letter to Joseph E. Widener, 3 February 1938, Cone Records, FSA.

31. E. F. Grogan, Pinkerton's, Letter to Fred P. Cone, 9 February 1938, Cone Records, FSA.

32. FSRC Meeting Minutes, 23 September 1942.


34. Parks Glover Letter to Fred P. Cone, 22 March 1937; Fred P. Cone Letter to Parks Glover, 23 March 1937, Cone Records, FSA.


42. Mike J. G. Letter to C. G. Fisher, 6 June 1930, Carl Fisher Papers, HASF.

43. Ibid.

44. Crittenden, Hialeah Park, p. 56.

45. Whited, Knight, pp. 53, 67-68 and 165; Heldt, "Miami, Heaven or Honky-Tonk?", p. 89; Kefauver Committee Report, pp. 12-13 and 161; Sasuly, Bookies and Bettors, p. 172.

46. Fred P. Cone Letter to Teller Ammons, Governor of Colorado, 12 April 1937, Cone Records, FSA.

47. Mike J. G. Letter to C. G. Fisher, 6 June 1930, Carl Fisher Papers, HASF.

48. Whited, Knight, pp. 70-71.

49. Ibid., p. 167.

50. Ibid., pp. 73-74.

51. Ibid., p. 73.

52. Ibid., p. 52.


54. Ibid.

55. Kefauver Committee Report, p. 15.

56. Messick, Lansky, p. 87.


60. McIver, Glimpses, p. 149.

63. Ibid., p. 239.
64. Ibid., pp. 239-42.
65. Ibid., p. 236.
66. Ibid.
70. Lacey, Little Man, p. 190.
73. Kefauver Committee Report, pp. 11 and 17; Kefauver, Crime in America, p. 70; Whited, Knight, p. 165; Miami Herald, 6 March 1951.
78. Tebeau, A History of Florida, p. 430; Kefauver, Crime in America, p. 101; "Letter of Honorable Fuller Warren, Governor of Florida, Returning Subpoena to the United States Senate Special Committee on Organized Crime in Interstate Commerce and Asserting the Independent Sovereignty of the State of


80. Charles A. Morehead Telegram to Fuller Warren, 6 December 1948; Grady L. Crawford Letter to Frank Wright, 6 December 1948, Fuller Warren Papers, FSU; American Racing Manual 1947, p. 56-B.

81. Charles A. Morehead Letter to Grady L. Crawford, 13 December 1948, Fuller Warren Papers, FSU.

82. H. L. Straus Letter to Fuller Warren, 9 December 1948; Grady L. Crawford Letter to Frank Wright, 14 December 1948, Fuller Warren Papers, FSU.

83. Miami Herald, 6 March 1951.


85. Thomas J. Pancoast Letter to Spessard Holland, 22 July 1941; Spessard Holland Letter to Thomas J. Pancoast, 24 July 1941, Thomas J. Pancoast Correspondence, HASF.

86. Floridian, 28 October 1946.


88. Fred P. Cone Letter to Teller Ammons, 12 April 1937, Cone Records, FSA.

89. Steigleman, Horseracing, p. 231.

90. Ibid., pp. 231-32.


94. Miami Herald, 23 February 1951.
95. Ibid.

96. Whited, Knight, pp. 144 and 165-66; Lacey, Little Man, p. 142.


99. Ibid., p. 67.