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INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

HEARINGS

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE UNITED STATES SENATE EIGHTY-SECOND CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 202

(81st Cong.)

AND

S. Res. 129

(82d Cong.)

A RESOLUTION AUTHORIZING AN INVESTIGATION OF
ORGANIZED CRIME IN INTERSTATE COMMERCE

PART 15

KENTUCKY

JUNE 20 AND JULY 23, 1951

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SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME
IN INTERSTATE COMMERCE

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Mr. DAVIES. Mrs. Moore, just where in the premises is your little office located?

Mrs. MOORE. On the second floor, over the kitchen.

Mr. DAVIES. And are you able to observe the people who come and go in the restaurant?

Mrs. MOORE. No; only when I am on my lunch hour. I sit downstairs on my lunch hours.

Mr. DAVIES. Off the record, that was brought about by the preliminary that you asked about peace officers coming in and out of the place. Frankly, she is in no position to see unless she happens to come downstairs.

The CHAIRMAN. Just this one question: When gambling was in operation approximately what was the amount of money that was handled that you would know about?

Mrs. MOORE. In the gambling operation?

The CHAIRMAN. Yes; that you would have any record of.

Mrs. MOORE. Oh, no; I wouldn't have any record of that. I handle just the bar and restaurant.

The CHAIRMAN. Was there any interchange of money between the bar and restaurant? That is what I meant.

Mrs. MOORE. Yes. Do you mean like when I would pay bills for them?

The CHAIRMAN. That is right. That is what I meant.

Mrs. MOORE. Well, they in turn would give me the exact amount of whatever invoices they were, such as gas and electric bills and utilities.

The CHAIRMAN. I did not want to go into the details; that is what I had reference to. I wondered about what they would approximate in the course of a month.

Mrs. MOORE. It is all in my books, Senator. It has been so long, see, that I could not just recall offhand.

The CHAIRMAN. Well, we will get that from the records. Thank you very much, Mrs. Moore; very much, indeed.

Now, will you call your next witness, please?

Mr. NELLIS. We will call Mr. Brink.

The CHAIRMAN. Mr. Brink, I am glad to see you again.

Mr. BRINK. Thank you.

The CHAIRMAN. Mr. Brink, we are asking everyone to be sworn. I suppose you have no objection.

Mr. BRINK. Of course, not.

The CHAIRMAN. In the presence of the Almighty God, do you swear that the testimony which you are about to give shall be the truth, the whole truth, and nothing but the truth?

TESTIMONY OF JAMES H. BRINK, COVINGTON, KY.

The CHAIRMAN. Mr. Brink, your full name is James H. Brink, is it not?

Mr. BRINK. Yes, sir.

The CHAIRMAN. Mr. Brink, just for purposes of identification, give us your residence address.

Mr. BRINK. My residence is 2720 Dixie Highway, Covington, Ky.

The CHAIRMAN. Very good. Just again, to tie in with the previous testimony which you have testified to previously.

Mr. BRINK. Yes. I testified before previously, and I still claim the same exemptions that were claimed in the other record.

The CHAIRMAN. The date of your previous appearance was when?

Mr. BRINK. That was March 27, 1951.

The CHAIRMAN. Yes; I recall the occasion, over in the Capitol Building, was it not?

Mr. BRINK. That is right.

The CHAIRMAN. All right. Mr. Nellis.

Mr. NELLIS. Mr. Brink, when did gambling reopen at the Lookout House?

Mr. BRINK. What are you talking about? Just let us be more explicit. Since when?

Mr. NELLIS. I am asking you, when did it reopen?

Mr. BRINK. There hasn't been any resumption of gambling.

Mr. NELLIS. You say that under oath?

Mr. BRINK. Yes, sir.

The CHAIRMAN. There has not been?

Mr. BRINK. That is right.

Mr. NELLIS. Have you had any gambling games in the Lookout House at all within the past 3 months?

Mr. BRINK. There has been no gambling, to my knowledge, since January 29 or 23, some date around that time, when the grand jury took over.

Mr. NELLIS. What do you mean by "to your knowledge"?

Mr. BRINK. Well, I have not been there all the time. There could have been some games among some of the help.

Mr. NELLIS. I am talking about organized gambling.

Mr. BRINK. Organized gambling; no.

Mr. NELLIS. Now, do you remember when you testified here previously that you talked about your Cleveland partners in the Lookout House?

Mr. BRINK. My former partners.

Mr. NELLIS. Who are the present partners of Lookout House?

Mr. BRINK. James H. Brink, Marion Brink, B. W. Brink, Charles Drahnman, George Todd, the Carr brothers.

Mr. NELLIS. Give us their names.

Mr. BRINK. Well, they are listed as the Carr brothers. There are two of them, Edward and Robert.

Mr. NELLIS. Yes.

Mr. BRINK. And Sam Schroeder.

Mr. NELLIS. Of Cincinnati?

Mr. BRINK. No; this is strictly a Kentucky thing.

Mr. NELLIS. Just a moment. He lives in Cincinnati, doesn't he?

Mr. BRINK. No; he does not live in Cincinnati.

Mr. NELLIS. That was the address he gave us.

Mr. BRINK. I am sure that he has not lived there. I am very positive he did not give you that address. He has lived in Newport, Campbell County, for the past 6 years, I would say, anyhow.

Mr. NELLIS. Six years?

Mr. BRINK. At least 6 years.

Mr. NELLIS. All right. Who else?

Mr. BRINK. Mitchell Meyers.

Mr. NELLIS. Some of these are former partners, are they not?

Mr. BRINK. Yes, Schroeder and—and myself.

Mr. NELLIS. Who else besides Schroeder—I mean, who else besides Meyers?

Mr. BRINK. That is all.

Mr. NELLIS. You are not operating any gambling there, is that right?

Mr. BRINK. That is correct.

Mr. NELLIS. Why do you need so many partners for a restaurant operation? I take it that it is a restaurant?

Mr. BRINK. This is a partnership that took effect January 1, 1951, when we bought out the interests of the few remaining so-called Cleveland interests.

Mr. NELLIS. Who were they—by the way, who did you buy out in January of 1951?

Mr. BRINK. I think there was Croft and Polizzi, and—

Mr. NELLIS. That is Charles Polizzi?

Mr. BRINK. Charles Polizzi, yes.

Mr. NELLIS. Yes.

Mr. BRINK. Whom I did not know, incidentally, and Rothkopf.

Mr. NELLIS. Croft, Polizzi, and Rothkopf?

Mr. BRINK. That is right.

Mr. NELLIS. Those were the only three?

Mr. BRINK. They were the only three, yes. The others had sold out, and then sometime around May, I believe May 15, 1950—

Mr. NELLIS. Of 1950?

Mr. BRINK. Yes, sir.

Mr. NELLIS. So all you had remaining in January of the old Cleveland syndicate were—

Mr. BRINK. They were not remaining as of January. That was December.

Mr. NELLIS. I thought you said January.

Mr. BRINK. As of January 1, 1951, the deal was consummated before.

Mr. NELLIS. At any rate, all you had left was Rothkopf and—

Mr. BRINK. Up to 1951.

Mr. NELLIS. (continuing). And Croft and Polizzi.

Mr. BRINK. Yes, from May—

Mr. NELLIS. Who negotiated with them?

Mr. BRINK. I negotiated with them.

Mr. NELLIS. How did you go about it, Mr. Brink?

Mr. BRINK. How would you go about any business—

Mr. NELLIS. Now, don't ask me questions.

Mr. BRINK. Well, that is how I went about it.

Mr. NELLIS. I am asking you the question, and I want an answer. How did you go about it?

Mr. BRINK. Well, just the same as you go about any business deal.

Mr. NELLIS. Tell me precisely how you went about it. Did you call them by telephone, did you write them letters—

Mr. BRINK. No.

Mr. NELLIS (continuing). Or did you communicate with a representative of theirs?

Mr. BRINK. I contacted them in Florida when I was in Florida.

Mr. NELLIS. Which one was in Florida?

Mr. BRINK. Croft was in Florida, and Rothkopf was in Florida. I talked to them previously, I talked to them by telephone.

Mr. NELLIS. In Florida?

Mr. BRINK. No, in Covington and Cincinnati, mainly Rothkopf, I called him in and told him I didn't think there was any need for a partnership for them, and that they were getting in the way.

Mr. NELLIS. How much did you pay them to get them out?

Mr. BRINK. Well, it is a matter of record.

Mr. NELLIS. You tell me.

Mr. BRINK. Yes.

Mr. NELLIS. You tell me what you paid them.

Mr. BRINK. Well, I gave them notes.

Mr. NELLIS. For how much?

Mr. BRINK. I gave them notes. Well, I really don't know how much. It is a matter of record.

Mr. NELLIS. Do you have the records here?

Mr. BRINK. Yes; I have the records.

Mr. NELLIS. Why don't you refresh your memory? We will take the time.

Mr. BRINK. All right.

Mr. NELLIS. Off the record.

(Discussion off the record.)

Mr. NELLIS. On the record. What is your answer?

Mr. BRINK. The operation, Senator, as of January 1, 1951, is strictly a local Kentucky operation. There is no interstate, and there are no outside partners, and it has been a number of the same partners who were local fellows who have been associated with me in the past.

Mr. NELLIS. In the gambling business?

Mr. BRINK. In the Lookout House.

Mr. NELLIS. In the gambling business?

Mr. BRINK. The Lookout House is operated as a club, and the interests are practically the same—

Mr. NELLIS. Let's be more specific.

Mr. BRINK. Let's talk. I am explaining.

The CHAIRMAN. Just so I may understand, in other words, what you are saying now is that that particular phase is strictly intrastate?

Mr. BRINK. That is right.

The CHAIRMAN. If I understand you correctly.

Mr. BRINK. That is right. It is strictly a local interest. It is not interstate?

The CHAIRMAN. It is not interstate?

Mr. BRINK. That is correct.

The CHAIRMAN. It has to do with operations between or among a certain number of men in the Lookout House, which relate alone to the activities there, and do not cross State lines?

Mr. BRINK. That is correct.

The CHAIRMAN. Mr. Nellis.

Mr. NELLIS. They don't cross the line from Kentucky to Ohio?

Mr. BRINK. That is right.

Mr. NELLIS. Mr. Schroeder has no interest in Ohio? That is your testimony under oath?

Mr. BRINK. So far as I know. I know his residence, where he lives. He is known as coming from Campbell County; he is a Kentuckian.

Mr. NELLIS. How much money did you pay Rothkopf to get him out?

Mr. BRINK. I don't know how to find that in here myself. We paid him——

Mr. NELLIS. Well, approximately.

Mr. BRINK. I did have those figures, but I did not bring them up. I think approximately Rothkopf got the major interest, around \$12,000 or \$13,000; Polizzi got around \$11,000; and then Croft got about \$7,000, in round figures.

Mr. NELLIS. Yes. Your impression is that the total was about \$30,000 for the three?

Mr. BRINK. The amount of the investment of partnership, it shows in the record, the partnership investment is \$34,771.60, as of January 1. That is the capital account.

This is from our auditor. I don't have the same auditor we had previously. We had Giesey, who was from Cleveland, and there was no need to have him, because they were washed out, and I didn't have any reason to have a Cleveland auditor doing my work, so I have a local man.

Mr. NELLIS. What is his name?

Mr. BRINK. Rafalsky, it is on the back there.

Mr. NELLIS. Now, Mr. Brink, what kind of an operation have you had at the Lookout House starting since January 1, 1951?

Mr. BRINK. The same operations. We gambled until January 23, when the grand jury went in, and that was the cessation of gambling, and it is a night club operation now, and I might say that it is a very poor operation.

Mr. NELLIS. Have you lost money since January 23?

Mr. BRINK. Yes; we have lost money.

Mr. NELLIS. So far as you are concerned, are the slot machines out of there?

Mr. BRINK. There hasn't been any slot machines in Lookout House since that date in January.

Mr. NELLIS. What did you do with the slot machines, Mr. Brink?

Mr. BRINK. I really don't know. I didn't have anything to do with it. I was away at the time, as I testified previously, I did not own the slot machines.

Mr. NELLIS. But where did they go?

Mr. BRINK. I don't know.

Mr. NELLIS. They just disappeared out of your establishment?

Mr. BRINK. Somebody took them away.

Mr. NELLIS. Why do you need 10 partners in a losing restaurant proposition?

Mr. BRINK. It was not losing at the time.

Mr. NELLIS. You expected to continue with gambling?

Mr. BRINK. We expected to continue with gambling; that is right.

Mr. NELLIS. How many times has the Lookout House been raided, say, within the last 3 months?

Mr. BRINK. Well, I would say it has not been raided, but I would say they have been there to——

The CHAIRMAN. On visits?

Mr. BRINK. Yes.

Mr. NELLIS. For a check up?

Mr. BRINK. I would say they have been there maybe a half-dozen times, maybe more. I have not been there all the time, so I am not

a qualified witness. I would say probably a hundred times—no, I mean a half-dozen times.

Mr. NELLIS. You cannot tell about the number of partners you have in the present operation, as to why you need them?

Mr. BRINK. Well—

Mr. NELLIS. Have you made any moves to buy anybody out?

Mr. BRINK. No. I wish they would buy me out, the way it is now.

Mr. NELLIS. What is your impression of the general picture of law enforcement around your community?

Mr. BRINK. I think it is good. I think that Kenton County, I don't see why anybody should interfere with the operation of Kenton County. I will be frank with you; it is frankly very clean. There has been gambling, I will admit, but it was a public sufferance policy. They have been elected by a liberal vote and—

Mr. NELLIS. In other words, they have been elected by fraud?

Mr. BRINK. No; I wouldn't say it is fraud.

Mr. NELLIS. Let me finish. They campaigned on a promise to enforce the law; did they not?

Mr. BRINK. They promised to enforce the laws; yes.

Mr. NELLIS. And they don't enforce the laws.

Mr. BRINK. No; I would not say that.

Mr. NELLIS. What arrangements have you made in the past to keep operating?

Mr. BRINK. There is no arrangement, or there has been no arrangement in the past. I testified to that before.

Mr. NELLIS. You don't know of any arrangements?

Mr. BRINK. There are no arrangements.

Mr. NELLIS. Did the Cleveland crowd take care of the local police?

Mr. BRINK. That I don't know. The Cleveland crowd, as you speak of them, as I testified before, it was a business arrangement, but there was never any activity, and I would say there was never any—well, I just don't know how to say it—they were satisfied with their interest. It was all like buying stock in a business, the same as I bought stock in other clubs.

Mr. NELLIS. It was a business?

Mr. BRINK. That is right. It just happened to be a good business.

Mr. NELLIS. I have no further questions, Mr. Chairman.

The CHAIRMAN. All right. That will suffice. Thank you. O. K. Thank you very much.

Mr. NELLIS. Will you leave your records here with Mr. Goddard?

Mr. BRINK. Yes. Will you give me a receipt for them?

Mr. NELLIS. Yes; that will be done.

Mr. BRINK. I have it right here. These are very important; these are current records. We need them right away. We cannot operate without them.

Mr. GODDARD. Let us step outside.

Mr. NELLIS. Yes, please, so that we can go on.

The CHAIRMAN. That is all, then, with this witness.

Mr. NELLIS. Kuresman.

The CHAIRMAN. Good morning, gentlemen. Mr. Kuresman, O'Connor is my name. I just want to ask you if you object to being sworn.

Mr. KURESMAN. No, sir.

The CHAIRMAN. In the presence of the Almighty God, do you swear that the testimony which you are about to give shall be the truth, the whole truth, and nothing but the truth?

Mr. KURESMAN. I do.

The CHAIRMAN. Will you just sit there?

Mr. DAVIES. Senator, if there is no objection, both Mr. Goodman, of Cincinnati, and I, would like to sit in with Mr. Kuresman. He represents Beverly Hills, and I represent Yorkshire.

The CHAIRMAN. May I ask if you gentlemen both represent the witness?

Mr. GOODMAN. I do; yes.

The CHAIRMAN. Are both of these gentlemen your attorneys?

Mr. GOODMAN. I represent the witness. I also represent Beverly Hills Country Club at this hearing.

Mr. Davies represents some of the other clubs that the records have been subpoenaed for, and this witness has been asked to testify concerning those records.

The CHAIRMAN. Well, of course, we only have the witness here for the introduction of the records, and the question arises as to whether or not counsel should be in during the executive session, when we exclude other persons when they are not counsel for a particular witness.

Mr. GOODMAN. Well, I am counsel for the witness individually.

The CHAIRMAN. Of course, you certainly shall be admitted.

Mr. Davies, might I ask as to why you feel you should be present?

Mr. DAVIES. For no particular reason, Senator, except that the Latin Quarter is being inquired into, and I think Mr. Goodman perhaps can take care of it as well as I can.

The CHAIRMAN. We don't want you to appear to be excluded. Please understand that. The only thing that I am questioning is, it might become a matter of precedent in regard to some other matters that might very well fall in the same general category, and they may say, "You permitted Davies to appear for such and such a witness," and then we would have established the precedent. Personally, I have no objection to you appearing but I just question whether it might not open the door to a more serious matter later on.

Mr. NELLIS. So long as Mr. Davies does not represent the witness, I think that it would be better if he were not present in the hearing room.

Mr. GOODMAN. I think that would be all right.

The CHAIRMAN. Very well.

TESTIMONY OF JACK KURESMAN, CINCINNATI, OHIO, ACCOMPANIED BY SOL GOODMAN, ATTORNEY, CINCINNATI, OHIO

The CHAIRMAN. Will you give your full name to the reporter, Counsel?

Mr. GOODMAN. Sol Goodman, attorney at law, 1016 Union Trust Building, Cincinnati, Ohio.

The CHAIRMAN. We welcome you here, Mr. Goodman, and we are very glad to have you here and you may feel assured that you may take part if you feel you should.

Mr. GOODMAN. Thank you.

The CHAIRMAN. Mr. Nellis.

Mr. NELLIS. Will you give your full name to the reporter, please.

Mr. KURESMAN. Jack Kuresman.

Mr. NELLIS. And your address.

Mr. KURESMAN. 1811 Northcott, Bond Hill, Cincinnati.

Mr. NELLIS. Are you a certified public accountant?

Mr. KURESMAN. No; I am a public accountant?

Mr. NELLIS. You have some clients across the river in Kenton and Campbell Counties, Ky., do you not?

Mr. KURESMAN. In Kenton and Campbell?

Mr. NELLIS. Yes.

Mr. KURESMAN. Yes.

Mr. NELLIS. Would you name the clubs that you work for out there. For example, you represent the Latin Quarter, do you not?

Mr. KURESMAN. The Latin Quarter, the Yorkshire, and this year I have been retained for Beverly Hills Country Club. The Merchants Club. Are you talking just about clubs?

Mr. NELLIS. Yes. Do you have your records with you, Mr. Kuresman?

Mr. KURESMAN. No, I don't. I brought the records of the clubs that you asked for.

Mr. NELLIS. Which records did you bring, Mr. Kuresman, of what clubs?

Mr. KURESMAN. The Beverly Hills Country Club, the Latin Quarter, and also the records of Yorkshire that was brought up here.

Mr. NELLIS. In addition to that, you also represent the Merchants Club?

Mr. KURESMAN. Yes, sir.

Mr. NELLIS. Are there any others?

Mr. KURESMAN. I am trying to recollect.

Mr. NELLIS. Yes.

Mr. KURESMAN. Well, the term "club"—

Mr. NELLIS. You know, casino operations.

Mr. KURESMAN. Well, there is the Blue Grass Amusement Co.

Mr. NELLIS. Yes. What is that, Mr. Kuresman?

Mr. KURESMAN. That is a group of people who have organized in 1950 as a partnership to operate a casino.

Mr. NELLIS. Who are the partners in that, Mr. Kuresman?

Mr. KURESMAN. That I don't recall offhand.

Mr. NELLIS. What do you mean you don't recall? Who do you deal with?

Mr. KURESMAN. I deal with Mr. Croft on that.

Mr. NELLIS. You dealt with John Croft?

Mr. KURESMAN. That is right.

Mr. NELLIS. And you said that it was set up as a partnership?

Mr. KURESMAN. That is right.

Mr. NELLIS. Did you help set it up?

Mr. KURESMAN. Well, we have done very little on it. I think that took place in the latter part of 1950, just before the tax season, and it would be a fiscal-year operation.

Mr. NELLIS. Where did they intend to hold these gambling games?

Mr. KURESMAN. Well, they were trying to hold them upstairs in the Yorkshire Club.

Mr. NELLIS. In the Yorkshire Club?

Mr. KURESMAN. Yes.

Mr. NELLIS. Now, who besides Croft do you recall might be in on that?

Mr. KURESMAN. I think it was a combination of the three clubs, the individuals owning the clubs. I do not know.

Mr. NELLIS. Which three clubs?

Mr. KURESMAN. It would be the Merchants Club, the Yorkshire, and the 633 Club.

Mr. NELLIS. I might say, Mr. Chairman, that the lack of memory on Mr. Kuresman's part is not going to hamper our record because we have that information.

Now, Mr. Kuresman, generally speaking, what type of information do these clubs give you when you make out their tax returns?

Mr. KURESMAN. They would have a daily sheet showing their winnings and losses and expenses; the bank roll at the beginning of the day and the bank roll at the ending of the day, from which we prepare records for tax-return purposes.

Mr. NELLIS. Do you get those sheets every day?

Mr. KURESMAN. No; not every day.

Mr. NELLIS. Do you get them every 30 days?

Mr. KURESMAN. At times we get them every 30 days and at other times during the year either 60 or 90 days apart. Sometimes they are not operating entirely during the year and they would be down.

Mr. NELLIS. What means do you use to verify the information which they give you for tax purposes?

Mr. KURESMAN. We have no means of verifying it except as to the paid bills for expense purposes.

Mr. NELLIS. But as to the winnings and losses, you have no means of verifying that?

Mr. KURESMAN. No.

Mr. NELLIS. And it being a cash business, necessarily, there is hardly any means of identifying it; is that right?

Mr. KURESMAN. Yes. In fact, there was an article in the Journal of Accountancy, prepared by some accountants from Los Angeles, I believe it is the National Journal of Accountancy, writing up gambling-casino operations, in view of the troubles of the accountant as well as the Internal Revenue Department.

Mr. NELLIS. Yes; well, now, Mr. Kuresman, so far as you know, the information that you get on these daily in-and-out sheets is just what the gamblers themselves tell you what they have done?

Mr. KURESMAN. What they put down on the sheet.

Mr. NELLIS. Do you consider it part of your duty to the United States Government and to your profession to make any check to see whether the figures that you make up in the form of an income-tax return are accurate?

Mr. KURESMAN. The accounting profession operates on assignments, Mr. Nellis, and if we are asked by our assignment to prepare records for income-tax purposes on records submitted, we do it.

Mr. NELLIS. Suppose I were the chief executioner of Murder, Inc., and I gave you some records showing that my organization killed 50 people during the course of a month and received so much for it, and I asked you to make up my income-tax return, what would you do with that?

Mr. KURESMAN. According to the internal-revenue law you, having income, would have to file a return and we would sign our name, "Prepared from information submitted."

Mr. NELLIS. You do nothing about it!

Mr. KURESMAN. We have no right to do anything about it, under the law—

Mr. NELLIS. So that you can—

The CHAIRMAN. Just a minute. Let him finish.

Mr. GOODMAN. Let the witness finish his answer.

Mr. KURESMAN (continuing). All people have to report income, the same as a lawyer, he has no choice of clients, he represents murderers as well as thieves or other people.

Mr. NELLIS. Your position is quite clear to me. The only question I have in mind is what you consider your duty to informing law-enforcement officials about violations of the law that you know about, that you come across during the course of your professional practice.

Mr. KURESMAN. I do not quite understand your question.

Mr. NELLIS. All right. Now, in the case of the Latin Quarter, Mr. Kuresman, we note a large number of checks made payable to you as agent in very substantial amounts. For example—

Mr. KURESMAN. Oh, I can answer that.

Mr. NELLIS. Can you?

Mr. KURESMAN. Yes, very clearly. That agent account is for the purpose of paying their amusement taxes to the State and Federal departments, as well as to paying their social-security and unemployment taxes.

They take that money and put it aside each week, as it occurs, as they collect this money, so as not to interfere with their regular funds and we pay out, all of the checks are made payable to the Collector of Internal Revenue or State unemployment fund or to the State amusement fund.

Mr. NELLIS. But the checks are made payable to you?

Mr. KURESMAN. Yes; and we have a special-agent account and from that account we pay all those taxes.

Mr. NELLIS. They are quite sizable figures over a very short period of time. They are in the four figures; isn't that right?

Mr. KURESMAN. That is right; 22½ percent amusement tax collected on all guest checks at the Latin Quarter every day runs into quite a sum during the week.

Also there is a social-security withholding for employees every week.

The CHAIRMAN. As I understand it, in order that those funds not be commingled with the general fund and that they get mixed—

Mr. KURESMAN. They might be used for some other purpose.

The CHAIRMAN (continuing). They are segregated and kept on the side, so that they are handled and treated almost as if they were held in escrow, so that by being put into your agency account it is then segregated and remitted to the Federal Government in due course.

Mr. KURESMAN. Yes. The Internal Revenue Department collects it. We endorse and deposit the checks in the Jack Kuresman, agent, account, from which we write checks.

Mr. NELLIS. Well, I notice there are three accounts here, Jack Kuresman, agent; Jack Kuresman, auditing; and Jack Kuresman.

Mr. KURESMAN. Well, that would probably be my fee.

Mr. NELLIS. What is auditing? That is your auditing fee?

Mr. KURESMAN. If you can tell me the sum I will be able to answer.

Mr. NELLIS. Here is one for \$50.

Mr. KURESMAN. That is auditing fees.

Mr. NELLIS. And one for \$215.

Mr. KURESMAN. That is an auditing fee.

Mr. NELLIS. Here is one at \$50, and here is another at \$150.

Mr. KURESMAN. That is auditing.

Mr. NELLIS. And \$135. Those are your personal fees?

Mr. KURESMAN. Yes; on a time basis.

Mr. NELLIS. Are you paid by the month? Are you retained?

Mr. KURESMAN. Well, we are retained on a time basis; each month we send them a statement of the time we have consumed for them.

Mr. NELLIS. When were you last in the Latin Quarter?

Mr. KURESMAN. I was last in the Latin Quarter, I am trying to get myself straight. This is June—during the month of June.

Mr. NELLIS. Did you observe any gambling going on there?

Mr. KURESMAN. No; I did not. I was in the dining room.

Mr. NELLIS. You did not go in the gambling room?

Mr. KURESMAN. No.

Mr. NELLIS. Have you ever been in the gambling room?

Mr. KURESMAN. Yes.

Mr. NELLIS. Is it a pretty big establishment?

Mr. KURESMAN. There is a large room there.

Mr. NELLIS. Regular dice tables and chuck-a-luck?

Mr. KURESMAN. Tables and side games. Myself, personally, I have never gambled at a table. I am not interested in that phase of it.

Mr. NELLIS. You deal with Mr. Croft, is that right, in connection with the Blue Grass Amusement Co.?

Mr. KURESMAN. At the outset I did.

Mr. NELLIS. In connection with the Yorkshire, too?

Mr. KURESMAN. Yes.

Mr. NELLIS. And who do you deal with in connection with Beverly Hills?

Mr. KURESMAN. I have not dealt with anyone yet. We have not done any work because of the tax season and internal-revenue investigation we had going on.

Mr. NELLIS. Who did you deal with when you were retained?

Mr. KURESMAN. I think Mr. Croft was there at the time, and he asked me if I would handle their account for them. There were some changes to make and they wanted a local man to handle the account.

Mr. NELLIS. Have you yourself ever acted in any capacity for these persons other than as auditor or accountant?

Mr. KURESMAN. Not to my knowledge or recollection.

Mr. NELLIS. You would know, wouldn't you?

Mr. KURESMAN. Well, if you would make your question more general.

Mr. NELLIS. For example, have you ever acted as an incorporator, a qualifying incorporator, for any of these people?

Mr. KURESMAN. I would have to go back years and I am quite uncertain. The record would show for itself.

Mr. NELLIS. Yes. Have you ever been an officer of a company that held land upon which some of these establishments were built?

Mr. GOODMAN. For the record, are you referring to Kentucky or anywhere?

Mr. NELLIS. These establishments in northern Kentucky, I was referring to.

Mr. GOODMAN. I do want to say that I know that Mr. Kuresman was the officer of a corporation in Ohio, and that is the reason I brought that up. If you are referring to Kentucky, that is another thing.

Mr. NELLIS. I am referring to northern Kentucky.

Mr. KURESMAN. It might have been possible. The records would have to show. I don't recall it offhand. There were only one or two—

Mr. NELLIS. I have two notations, one that you were the officer of a company which held property of one of the clubs along Main Street in Newport.

Mr. KURESMAN. Will you mention the name?

Mr. NELLIS. The 633, if my memory serves me correctly.

Mr. KURESMAN. I had nothing to do with the 633 at any time.

Mr. NELLIS. How about the corporation in Ohio, the one that Mr. Goodman just mentioned?

Mr. KURESMAN. I was an officer in that.

Mr. NELLIS. What was that?

Mr. KURESMAN. The Osborne Realty Co.

Mr. NELLIS. What was the club or enterprise that was on that realty?

Mr. KURESMAN. The Oak Grove Restaurant.

Mr. NELLIS. That was a gambling establishment, too, was it not?

Mr. KURESMAN. That is right.

Mr. NELLIS. Do you know Chief Gugel at Newport?

Mr. KURESMAN. I met him out here.

Mr. NELLIS. You just met him?

Mr. KURESMAN. Yes.

Mr. NELLIS. You are not well acquainted in the local area?

Mr. KURESMAN. No, sir.

Mr. NELLIS. You perform your work by going across the river, and checking the books, and then going back to Cincinnati?

Mr. KURESMAN. We go across the river to make a check or examine or bring over records, or something of that type.

Mr. NELLIS. Where do these people file income-tax returns?

Mr. KURESMAN. In their places of residence.

Mr. NELLIS. I mean, at Louisville, Ky.?

Mr. KURESMAN. The clubs in Louisville, and the individual partners in their places of residence.

Mr. NELLIS. I have no further questions.

The CHAIRMAN. Thank you very much, indeed.

Mr. KURESMAN. May I ask a question? Senator, was that you on the elevator with me this morning with your grip?

The CHAIRMAN. Yes. Off the record, Mr. Reporter.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Will you call your next witness, please.

Mr. NELLIS. Our next witness is Mr. Goddard.

The CHAIRMAN. Will you raise your right hand and be sworn, Mr. Goddard.

In the presence of the Almighty God, do you swear that the testimony which you are about to give shall be the truth, the whole truth, and nothing but the truth?

Mr. GODDARD. I do.

**TESTIMONY OF LAWRENCE CLIFTON GODDARD, WASHINGTON,
D. C.**

The CHAIRMAN. Will you give us your full name, please?

Mr. GODDARD. Lawrence Clifton Goddard.

The CHAIRMAN. Mr. Goddard, you are presently attached to the staff of the Senate Committee Investigating Crime in Interstate Commerce, are you not?

Mr. GODDARD. Yes, sir.

The CHAIRMAN. All right, Mr. Nellis.

Mr. NELLIS. Mr. Goddard, you recently visited the Covington-Newport area in northern Kentucky, did you not?

Mr. GODDARD. Yes. I arrived out there the first of June.

Mr. NELLIS. Now, can you tell us the names of the clubs which you actually visited and wherein you saw gambling taking place?

Mr. GODDARD. I visited the Beverly Hills Club in Campbell County, Ky.; the Latin Quarter Club in Campbell County; the Yorkshire Club in Newport, which is in Campbell County; and the Alexandria Club, which is in Newport.

The CHAIRMAN. That is in Campbell County?

Mr. GODDARD. Yes, sir.

The CHAIRMAN. The last one, the Alexandria Club.

Mr. NELLIS. Now, at the Beverly Hills Club, did you see any gambling in progress?

Mr. GODDARD. Yes.

Mr. NELLIS. Briefly and generally, can you describe it?

Mr. GODDARD. On the evening of June 2, which was a Saturday evening, I went out about 9:30 and between, I would say, 10 and 2, I was in the gambling casino.

They had about four dice tables in operation. I am positive I saw two roulette tables and one blackjack table, and there was a table that they called chuck-a-luck.

The CHAIRMAN. What was the total number of people, would you say, in the room at any one time, the greatest number?

Mr. GODDARD. Well, they were milling in and out.

The CHAIRMAN. Yes.

Mr. GODDARD. Of course, I would estimate that there was possibly 150, at the most.

Mr. NELLIS. It was well attended?

Mr. GODDARD. Yes.

Mr. NELLIS. And it was fairly open?

Mr. GODDARD. Yes. The gambling casino is off to the right of the bar, after you enter the establishment. The first place you go into is a kind of a corridor, and then you go straight back into the bar.

Mr. NELLIS. Yes. You had no trouble getting in?

Mr. GODDARD. No, no trouble whatsoever. The double doors were open, which led back to the gambling casino. I had visited there right after I came out of the service.

Mr. NELLIS. Yes.

Mr. GODDARD. And at that time the gambling casino was upstairs.

Mr. NELLIS. Now, as to the Latin Quarter, I take it the same situation obtained. You went in and had no trouble getting to the gambling section?

Mr. GODDARD. No trouble at all getting in.

The CHAIRMAN. When were you there?

Mr. GODDARD. Friday evening, I believe that was the first of June.

Mr. NELLIS. Is that a fairly large establishment also?

Mr. GODDARD. Yes.

Mr. NELLIS. And did they have dice there?

Mr. GODDARD. Yes, they had three or four tables of dice, and they had about two roulette tables.

Mr. NELLIS. Would you say that there were as many as a hundred people playing?

Mr. GODDARD. Yes, I would estimate there were approximately a hundred people.

Mr. NELLIS. Now, where is the Alexandria Club—first, where is the Yorkshire Club?

Mr. GODDARD. The Yorkshire Club is located in downtown Newport, and I believe the address is 518 York Street. I did not see gambling going on there. I had been informed that there was a door leading upstairs to the gambling room, and I attempted to get through that door, and a doorman stopped me and asked me what I was looking for. I told him that I was looking for the gambling and he said, "We don't have any gambling here now."

Mr. NELLIS. And you heard the testimony of Mr. Kuresman about the Blue Grass Amusement Co., did you not?

Mr. GODDARD. Yes I heard part of it.

Mr. NELLIS. Did you know when you went out on your investigation that a group had gotten together and were intending to use the upstairs portion of the Yorkshire bar as a gambling establishment? Did you know that or is this the first you have heard about it?

Mr. GODDARD. This is the first I have heard about it.

The CHAIRMAN. Actually, Mr. Goddard, do you know that gambling has been in operation recently there?

Mr. GODDARD. At the Yorkshire Club?

The CHAIRMAN. Yes.

Mr. GODDARD. To my own knowledge, no, because I have not seen it.

The CHAIRMAN. The only reason I asked that, I understood in response to a general question at the outset that you gave four clubs where you knew gambling was in operation.

Mr. GODDARD. Pardon me, then.

Mr. NELLIS. You meant to exclude the Yorkshire Club?

Mr. GODDARD. Yes, exclude the Yorkshire Club.

The CHAIRMAN. Were there other indications which led you to believe there was gambling or that gambling might have been in operation at the time?

Mr. GODDARD. Yes. The dining room was decidedly empty. There were not over five people in the dining room, and the parking lot across the street, which I was informed was the Yorkshire parking lot, had several cars there at the time.

Mr. NELLIS. How many would you say?

Mr. GODDARD. I would say roughly 12 or 15 cars.

The CHAIRMAN. Did you see many people going upstairs where you were denied admission?

Mr. GODDARD. No; actually I did not see anyone either enter or leave during the time I was there. I only stayed there about, or, 5 or 10 minutes.

Mr. NELLIS. So really you don't have any information directly that it was in operation?

Mr. GODDARD. No, sir; that is very true.

Mr. NELLIS. As to the Alexandria Club, you were there, were you not?

Mr. GODDARD. Yes, sir.

Mr. NELLIS. And you did observe gambling there?

Mr. GODDARD. Yes.

The CHAIRMAN. When?

Mr. GODDARD. This was on, let me think a minute, it was actually Wednesday morning, which would be June 5 or 6, because it was after midnight. To be specific, it was after 2 o'clock, because I looked at my watch and I had been told that they had a 2 o'clock curfew on the places there in Newport.

They had two tables in the room where the bar was, one on each side of the large door that led into the bar. One was a blackjack table and the other was a chuck table.

Mr. NELLIS. Now, do you have any chips that you picked up at any of these clubs?

Mr. GODDARD. Now, about those chips, yes, I stuck a chip in my pocket at the Beverly Hills Club and I stuck one in my pocket from the Latin Quarter, and those were attached to a letter that I sent to Mr. Moser, and I sent down to get those.

Mr. NELLIS. In any event, they are in the committee files?

Mr. GODDARD. Yes, sir.

The CHAIRMAN. What number would you say were in the Alexandria, the greatest number?

Mr. GODDARD. Senator, there were a large number of people in there.

The CHAIRMAN. Just approximately.

Mr. GODDARD. Oh, there must have been 250 or more, but they all were not gambling, because they kept announcing over their speaker system there that the blackjack table was now open and they were having difficulty getting people to gather around that particular table.

The CHAIRMAN. They were all in the gambling room?

Mr. GODDARD. It was the barroom also.

Mr. NELLIS. Did you see any horse boards at the Beverly Hills, Latin Quarter, or Alexandria Clubs?

Mr. GODDARD. No, sir.

Mr. NELLIS. You saw no board there?

Mr. GODDARD. No.

The CHAIRMAN. The chips you say you brought, had they been purchased at the place?

Mr. GODDARD. Yes.

The CHAIRMAN. And they could have been used there in the gambling operation?

Mr. GODDARD. Yes.

The CHAIRMAN. Mr. Cahn, do you have any questions?

Mr. CAHN. Yes, thank you, Senator.

The CHAIRMAN. You may proceed.

Mr. CAHN. Were there outside signs at each of the three casinos that you indicated containing gambling operations?

Mr. GODDARD. Yes, identifying them as clubs.

Mr. CAHN. At the entrance, both the outside entrance and perhaps the inner entrances to the rooms where actual gambling operations were conducted, were there guards?

Mr. GODDARD. Yes.

Mr. CAHN. Approximately how many guards at each place, or individuals who may have functioned as guards?

Mr. GODDARD. I will answer it this way, outside of each of the establishments, of course, the first people you run into are parking-lot attendants. It seems to be the operational procedure that you must drive up to the door, to the entrance, and allow the attendant to park your vehicle. Then you go on in. I observed at least two men whom we shall describe as heavies, that is what they are commonly known as, big, burly men, who were at a door that would be more or less the first entrance, and then the gambling casino itself, which is usually off to one side from the bar, there would be at least one man standing immediately outside the door there.

As I have stated before, I was stopped by such a person at the Yorkshire. At these other places I was not stopped.

Mr. CAHN. So would you say it was your conclusion that any stranger who just happened to see a sign from the street could gain admission to any of these clubs?

Mr. GODDARD. Yes.

Mr. CAHN. Into the gambling operations themselves?

Mr. GODDARD. Yes.

Mr. CAHN. There was no effort to sift anyone and to keep out possible undesirables?

Mr. GODDARD. I did not see any efforts made to stop anyone, and I saw several people come and go.

Mr. CAHN. Were most of the individuals seen in the actual gambling rooms men or women?

Mr. GODDARD. I would say it would be about 60-40, in other words, about 60 percent men and about 40 percent women, and the women usually would be found around the roulette tables.

Mr. CAHN. Were free services provided at these clubs, the way they are sometimes in some of the eastern establishments that were investigated by the committee, or was everything strictly on a commercial basis, in terms of food, entertainment, and so forth, aside from gambling, that is, were there any free attractions given to individuals to come to the gambling establishment?

Mr. GODDARD. No, they had floor shows at the Latin Quarter, the Beverly Hills, and I did see part of the floor show at the Lookout.

I will say from my observation and opinion that these floor shows are very good and that they will compare favorably with any anywhere in the country.

They have minimums at the Latin Quarter and Beverly Hills, to my knowledge, and I believe they have minimum at the Lookout House, but at that time I went to see Mr. Brink, and I was not charged any minimum.

Mr. CAHN. I see. Would you say that virtually any individual who entered the three establishments that you visited, which you later saw

did contain gambling operations, that any individual who entered them would, by the nature of the set-up see that gambling was in operation?

Mr. GODDARD. Now, the answer to that question is that they would not necessarily see it unless they went there for that purpose, or unless they asked a waiter or bartender how to get to the gambling casino, because they would have heavy curtains over the entrances. That is particularly true in the case of the Latin Quarter.

But it seems that the clientele of those places go there with that in mind.

Mr. CAHN. Would you say that most of the clientele went there specifically for that purpose, rather than for food and drink, from your observation during those nights?

Mr. GOOD. I would say that the majority of the people who go there will go to the gambling casino. However, they have quite a number of people in the dining room. They serve very good food and they have very good service and, of course, the floor show, which is a part of it, is quite an attraction.

Mr. CAHN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Cahn, very much.

Mr. GODDARD. Could I add this statement, Senator. I believe it would be of importance.

The CHAIRMAN. Yes.

Mr. GODDARD. When I went out to the Beverly Hills Club to serve a subpoena for the records there. I took an officer with me who was known, I mean, they knew him, and when he went in with me they immediately closed the doors to the entrance to the gambling casino and I saw them turn away a number of people during the time we were there, the doorman, they turned them away, and then I presumed that they were telling them to wait until the officer had left the establishment.

The CHAIRMAN. Were the games in operation then?

Mr. GODDARD. I didn't go through the door. No, sir; I merely went in to see Mr. Meyers, to serve the subpoena, but I could see the doors that led into where I knew the casino was, and they immediately closed it.

I did see that and they kept it closed, and the doorman turned away people who went to the door.

The CHAIRMAN. All right. Thank you.

Mr. Reporter, we would like to have marked for identification the financial statements having to do with the Beverly Hills Club, the Yorkshire Club, and the Lookout Club.

(The documents referred to above were marked Exhibits 1, 2, and 3, and appear in the appendix on pp. 225, 226, and 227.)

The CHAIRMAN. All right, will you bring Mr. Kuresman back in, please.

FURTHER TESTIMONY OF JACK KURESMAN, ACCOMPANIED BY SOL GOODMAN, ATTORNEY

Mr. NELLIS. Mr. Kuresman, in these records, do you have the 1950 ins and outs for the gambling establishment at the Latin Quarter?

Mr. KURESMAN. No; I do not.

Mr. NELLIS. Where are they?

Mr. KURESMAN. They have reclaimed them from me.

Mr. NELLIS. The establishment itself?

Mr. KURESMAN. That is right.

Mr. NELLIS. Who reclaimed them?

Mr. KURESMAN. I think all the partners from all over claimed all their records back from me.

Mr. NELLIS. Well, who, in fact?

Mr. KURESMAN. Well, in fact, I was not in the office the day when they came in.

Mr. NELLIS. Do you recall the gross receipts for the Latin Quarter of 1950?

Mr. KURESMAN. No. You have the ledger here.

Mr. NELLIS. Would you give Mr. Kuresman his records and let him identify what he can from them.

Mr. GODDARD. This is all of them right here [handing documents to witness].

Mr. NELLIS. All right.

Mr. KURESMAN. Well, the sales of food—

Mr. NELLIS. No; I am talking about the gambling.

Mr. KURESMAN. There are no gambling records in these figures. These are all dining-room figures.

Mr. NELLIS. Where are the gambling figures?

Mr. KURESMAN. They have reclaimed them.

Mr. NELLIS. Where are your work sheets?

Mr. KURESMAN. They have reclaimed them all.

Mr. NELLIS. Are you in the habit of giving back your work sheets?

Mr. KURESMAN. That is my understanding with the account, all records that we have belong to them.

Mr. NELLIS. Including your own personal work sheets?

Mr. KURESMAN. That is right.

Mr. NELLIS. That is very unusual; is it not?

Mr. KURESMAN. Well, if it came to a matter of internal revenue, it would be up to them to produce them.

Mr. NELLIS. Mr. Kuresman, would the income-tax returns necessarily reflect the ins and outs, the details of the gambling operations?

Mr. KURESMAN. Well, I am trying to picture the return itself now. It would show the receipts for the entire operation of gambling.

Mr. NELLIS. Yes.

The CHAIRMAN. Yes. Would you repeat that, please?

Mr. KURESMAN. The gross receipts, line 1, would show the receipts of the operations.

Now, that would be the winnings, less the losses, showing the net result before expenses.

Mr. NELLIS. Well, pardon me, Mr. Chairman. Do you want to continue?

The CHAIRMAN. No; thank you.

Mr. NELLIS. You must remember whether the gross receipts just this year amounted to a certain amount. You filed the return in March 1951; did you not?

Mr. KURESMAN. They have a fiscal year ending February 28.

Mr. NELLIS. All right. You filed a return for February 28?

Mr. KURESMAN. After that; yes.

Mr. NELLIS. After that.

Mr. KURESMAN. Yes.

Mr. NELLIS. You must remember now actually whether it was \$1,000, \$10,000, or \$50,000.

Mr. KURESMAN. That is the difficulty in our line of work, to remember those things. That is not the only client we have. During the tax season we are under pressure, continuous pressure, and we have been under pressure with the Internal Revenue Department.

Mr. NELLIS. We served the subpoena on Mr. Gutterman, of the Latin Quarter, who informed us that you had the records of the 1950 gross receipts of the casino operation.

Mr. KURESMAN. They claimed them back from me.

Mr. NELLIS. When?

Mr. KURESMAN. After they got their subpoenas.

The CHAIRMAN. Just recently?

Mr. KURESMAN. Yes. We had them in the office for income-tax examinations at the time.

The CHAIRMAN. Well, that strikes me as somewhat strange, that having been served with a subpoena by this committee, they would undertake to have you surrender to them not only the records that they had given you but all of your own records which were prepared by you and for your exclusive use, and ordinarily I would think that they would have been available to the income-tax people directly from you, but you turned them back to them.

Mr. GOODMAN. Senator, just for the record, the subpoena was served, as I understand it, on the Latin Quarter some weeks before there was any subpoena on Mr. Kuresman.

Now, during that time the Latin Quarter, as well as the other places, removed their records, believing that they were subpoenaed and had to produce them.

Now, the subpoena was directed to the Latin Quarter. The Latin Quarter is purely a dining-room operation and has nothing to do with the gambling.

Now, the gambling or casino is a different entity, and the subpoena did not refer to that.

So when Mr. Kuresman was asked to come up, he in turn asked them to supply the records that was covered by the subpoena.

The CHAIRMAN. That does not quite cover my point, Mr. Goodman, and that is that upon notification that this committee was undertaking an inquiry, Mr. Kuresman gave up and put away from himself and out of our reach, so far as he is concerned, not only their records, but his own records. Isn't that true, Mr. Kuresman?

Mr. KURESMAN. Sir?

The CHAIRMAN. Isn't that true? Is my statement true?

Mr. KURESMAN. They have taken everything away from my office.

The CHAIRMAN. I was just anxious to know if the statement I made was true. I did not want to misrepresent the picture. I did think that I was clear in my understanding that that was so, that upon this committee issuing its subpoena, the operators of the establishment undertook to take from you, not only the records they had given you, but also your own records; is that not true?

Mr. KURESMAN. They have taken everything.

The CHAIRMAN. They have taken everything?

Mr. KURESMAN. Yes.

The CHAIRMAN. So you surrendered to them your own records as well as the returns?

Mr. KURESMAN. Yes.

Mr. NELLIS. For the record also, I am informed by Mr. Goddard, who served the subpoena, the subpoena on the Latin Quarter called for—it was all inclusive, and it called for records both as to the food and the casino, and it was served on Mr. Gutterman as representative of the Latin Quarter on June 6.

Mr. GOODMAN. Just for the record, may we have the subpoena and see whether it doesn't say that it is to the Latin Quarter.

Mr. NELLIS. What is the name of the casino operation?

Mr. KURESMAN. Riverside Enterprises.

Mr. GOODMAN. And the tax return shows the two separations, the names, and so forth.

The CHAIRMAN. You prepared the return on or about February 28 of this year after the fiscal year ended?

Mr. KURESMAN. Yes.

Mr. NELLIS. And you cannot tell us from memory what their gross receipts were?

Mr. KURESMAN. No; because we have been checked by the Internal Revenue Department for all companies, and we have had lots of pressure, figures, answering letters, getting our regular tax returns out, with extensions, because their investigations started in February.

Mr. NELLIS. I suggest, Mr. Chairman, that we probably ought to have the Latin Quarter partners down here with the figures, and that Mr. Kuresman remain under subpoena and send us by mail as quickly as possible the information necessary.

The CHAIRMAN. Yes. The full name is the Riverside what?

Mr. KURESMAN. The Riverside Enterprises.

The CHAIRMAN. And that is the gambling end of it?

Mr. KURESMAN. That is right.

The CHAIRMAN. The gambling operation?

Mr. KURESMAN. That is right.

The CHAIRMAN. Were those records returned to them?

Mr. KURESMAN. That is right.

The CHAIRMAN. Well, Mr. Kuresman, I just don't follow this, if the Riverside Enterprises was not mentioned, and if, of course, counsel makes it a point that all that was mentioned, all that was mentioned was Latin Quarter, which is the eating side of it, why then was it assumed that the Riverside Enterprises was being sought, and why were their records returned when they were not asked for them?

Mr. KURESMAN. All records were returned to them.

The CHAIRMAN. Including your own records?

Mr. KURESMAN. That is right.

The CHAIRMAN. Is it customary for you to deliver or turn back your own individual professional records?

Mr. KURESMAN. If they ask for it in their understanding. Their understanding is that they have control of their records at all times, that they belong to them.

The CHAIRMAN. Did you consider them their records rather than your records?

Mr. KURESMAN. I considered it their records, because of the type of business they were in.

The CHAIRMAN. Mr. Nellis.

Mr. NELLIS. I do hope, Mr. Chairman, that Mr. Kuresman will furnish us with that information.

Mr. GOODMAN. Just so we are specific, what is it you would like to have?

Mr. NELLIS. Gross receipts for 1950, the net income for 1950, and the expenses for 1950 of the Riverside Enterprises.

Mr. KURESMAN. Would a copy of the tax return suffice?

Mr. NELLIS. That will do it, if you have that.

The CHAIRMAN. Would it not be well to have the other ones of 1950 showing the gambling operations?

Mr. NELLIS. Yes.

Mr. GOODMAN. What was that, Senator?

The CHAIRMAN. In addition we would like to have the 1950 returns of the Enterprises, showing their gambling operations.

Mr. GOODMAN. Well, now, let's see, by the others, you mean the other—

Mr. NELLIS. Those which he represents. You might also include there the Oak Grove operation in Ohio, if he still represents them. Do you?

Mr. GOODMAN. Was there an operation of Oak Grove in 1950?

Mr. KURESMAN. Yes.

Mr. NELLIS. We would like to have that, too.

Mr. GOODMAN. All right.

The CHAIRMAN. All right. Thanks very much.

Off the record.

(Discussion off the record.)

The CHAIRMAN. Will you call in all of the people from Campbell County, please, the officials?

Mr. NELLIS. Yes, sir.

(Nine men entered the room.)

The CHAIRMAN. Now, gentlemen, so that we might have everybody identified who is to testify, and also to have identified anyone representing any of the others' counsel, will you be kind enough to start and give your full names, your position, and your residences, please.

Mr. RHOADS. I am Malcolm R. Rhoads, city manager of Newport, Ky., residence 664 Nelson Place, Newport, Ky.

The CHAIRMAN. Mr. Rhoads, is anyone here representing you as attorney?

Mr. RHOADS. No.

The CHAIRMAN. Very good.

Now, sir, will you state your name?

Mr. WARREN. I am Fred Warren, city solicitor, Newport, Ky. I have not been subpoenaed, but I have merely come up with the city manager.

The CHAIRMAN. Next.

Mr. GUGEL. I am George Gugel, chief of police, Newport, Ky., 2230 Joyce Avenue, that is my home address.

The CHAIRMAN. Fine. Next, please.

Mr. DIEBOLD. Ray Diebold, sheriff of Campbell County. I reside at 324 Thorne Street, Newport, Ky.

The CHAIRMAN. All right. Next, please.

Mr. EHA. My name is Charles Eha. I am city commissioner, Newport, Ky., 636 Lexington Avenue, Newport, Ky.

The CHAIRMAN. All right. What is your name, sir?

Mr. WISE. William J. Wise, commonwealth attorney.

The CHAIRMAN. Mr. Wise, would you just indicate to us your jurisdiction?

Mr. WISE. Campbell County.

The CHAIRMAN. Thank you.

Mr. WISE. My address is 908 Grandview Avenue, Bellevue, Ky.

The CHAIRMAN. Thank you. Will you give your name, sir?

Mr. THIEM. Jack C. Thiem, police sergeant, Newport, Ky. Home address 33 Ohio Avenue.

The CHAIRMAN. Yes. Next, please.

Mr. BOWEN. Wesley Bowen, county attorney, Campbell County, Ky. I reside at 814 Linden Avenue, Newport.

The CHAIRMAN. And your name, sir?

Mr. WINTERS. James Winters, chief, Campbell County Police. I reside at No. 10 Pine Hill Drive, Crestview.

The CHAIRMAN. Thank you, gentlemen.

Now, gentlemen, it is customary in regard to all witnesses to have them sworn, and I am sure there is no objection on your part, is there, to being sworn collectively?

Do you gentlemen swear, in the presence of the Almighty God, that the testimony which you are about to give shall be the truth, the whole truth, and nothing but the truth?

Mr. RHOADS. I do.

Mr. WARREN. I do.

Mr. GUGEL. I do.

Mr. DIEBOLD. I do.

Mr. EHA. I do.

Mr. WISE. I do.

Mr. THIEM. I do.

Mr. BOWEN. I do.

Mr. WINTERS. I do.

TESTIMONY OF MALCOLM R. RHOADS (CITY MANAGER, NEWPORT, KY.); FRED WARREN (CITY SOLICITOR, NEWPORT); GEORGE GUGEL (CHIEF OF POLICE, NEWPORT); RAY DIEBOLD (SHERIFF, CAMPBELL COUNTY); CHARLES EHA (CITY COMMISSIONER, NEWPORT); WILLIAM J. WISE (COMMONWEALTH OF KENTUCKY ATTORNEY); JACK C. THIEM (POLICE SERGEANT, NEWPORT); WESLEY BOWEN (COUNTY ATTORNEY, CAMPBELL COUNTY); AND JAMES WINTERS (CHIEF, CAMPBELL COUNTY POLICE)

The CHAIRMAN. Now, our inquiry is directed toward conditions in Campbell County and nearby, with specific reference to any gambling operations that have been going on in the recent past, or are in operation at the present time, and for your information I might state that there is sworn testimony before the committee to the effect that gambling has been in operation during the present month at the several locations, including the Beverly Hills Club, the Latin Quarter Club, and the Alexandria Club, and that details have been submitted as to the open and notorious manner in which those operations have been conducted.

It is with reference to that specifically, or to related matters, that the committee desires to ask certain questions.

Mr. Nellis, will you take over?

Mr. NELLIS. Thank you, Mr. Chairman.

I would like to start with Sheriff Diebold here.

Sheriff, what are your duties under the Kentucky law with respect to the enforcement of gambling statutes?

Mr. DIEBOLD. My duties are those more or less of a tax collection officer.

Mr. NELLIS. A tax collection officer?

Mr. DIEBOLD. Yes, sir.

Mr. NELLIS. Did you take the oath prescribed by the constitution of Kentucky?

Mr. DIEBOLD. Yes, sir.

Mr. NELLIS. Did you swear that you would do all right to the poor as well as to the rich, and that you will do no wrong to anyone for gift, reward, or promise, and that you would impartially execute the duties of your office?

Mr. DIEBOLD. I did, sir.

Mr. NELLIS. And that you would faithfully execute the laws of the State of Kentucky?

Mr. DIEBOLD. I did, sir.

Mr. NELLIS. Do you know of any law in the State of Kentucky which permits gambling?

Mr. DIEBOLD. I do not.

Mr. NELLIS. Why haven't you enforced the law in your county?

Mr. DIEBOLD. I have assisted, to my knowledge, so far as possible.

Mr. NELLIS. In what way, specifically?

Mr. DIEBOLD. Well, one of the first orders of my office was to do the duties required by the law of the Commonwealth of Kentucky.

Mr. NELLIS. But you have the responsibility, do you not?

Mr. DIEBOLD. I do.

Mr. NELLIS. Have you ever been inside the Beverly Hills Club?

Mr. DIEBOLD. I have not.

Mr. NELLIS. Have you ever conducted a raid on the Beverly Hills Club?

Mr. DIEBOLD. I have not myself, personally.

Mr. NELLIS. Have you ever been inside the Yorkshire Club?

Mr. DIEBOLD. I have not.

Mr. NELLIS. Have you ever conducted a raid on the Yorkshire Club?

Mr. DIEBOLD. I have not.

Mr. NELLIS. Have you ever been in the Latin Quarter Club?

Mr. DIEBOLD. No, sir; I have not.

The CHAIRMAN. Sheriff, let me ask this question, it had, of course, been made known some time ago that gambling operations were going on at the club. Have you taken any steps to learn whether those operations have continued since?

Mr. DIEBOLD. Only through the Honorable Judge Moebus and chief of the county patrol.

The CHAIRMAN. You say only through those people?

Mr. DIEBOLD. Yes, sir.

The CHAIRMAN. What steps did you take through those individuals—

Mr. DIEBOLD. The steps that I have taken, sir, was the letter by the honorable judge, in fact, to me personally. It was a poster in the paper. I am sorry to have torn this, but it was stuck on the envelope.

In turn, I am bringing a copy that I presented to the chief of police of the county patrol, and this is what was in the paper, and that is a copy of the letter that I extended to the chief of police, also, and Hon. Judge Moebus.

The CHAIRMAN. Well, now, Sheriff, you present a clipping from—

Mr. DIEBOLD. From a newspaper, that was, that was not to me direct, sir.

The CHAIRMAN. The heading of which is "Moebus wants Diebold to help police county."

Mr. DIEBOLD. That is right.

The CHAIRMAN. Why do you produce this?

Mr. DIEBOLD. Well, you asked me if at any time I have ever been personally in these places or assisted—

The CHAIRMAN. No; that was not my question.

Mr. DIEBOLD. Pardon me.

The CHAIRMAN. My question was, what steps have you taken to learn whether or not gambling has continued in the clubs to which reference was made, since it was publicly announced by this committee that such conditions did prevail?

Mr. DIEBOLD. Only through my deputies, that I can answer, that had been in each place when papers were served through the office.

The CHAIRMAN. Have you taken any other steps at all?

Mr. DIEBOLD. None; only what the county patrol has done in there, and that I have learned through them.

The CHAIRMAN. Was the county patrol under your jurisdiction?

Mr. DIEBOLD. No, sir; it is under the Honorable Judge Moebus.

The CHAIRMAN. I was really confining the question to just what you had done, and have you anything further to add as to what you have done in order to learn whether gambling was in operation?

Mr. DIEBOLD. I have done nothing, outside of what I heard that there wasn't any of it at this time during the month.

The CHAIRMAN. You say you heard there was not any?

Mr. DIEBOLD. That is right.

The CHAIRMAN. Any gambling?

Mr. DIEBOLD. That is right.

The CHAIRMAN. From whom did you hear that?

Mr. DIEBOLD. Through the county patrol, or rather, Judge Moebus' office, that these places were visited, which I think there are three of in the county.

The CHAIRMAN. Are you aware of the fact that there is a statute which requires the sheriff to visit and inspect dance halls and road-houses at least once each month and make a report?

Mr. DIEBOLD. I was not aware of that fact until 1 month ago, when I was called in by my attorney, and he informed me in regard to that, and I appeared before the Campbell County Grand Jury, and when the foreman of the jury asked me that question—

The CHAIRMAN. When was that?

Mr. DIEBOLD. That was some 3 weeks ago, I think.

The CHAIRMAN. And your own counsel had advised you about a month ago?

Mr. DIEBOLD. Yes, sir.

The CHAIRMAN. What did you do then, upon being advised that that was your sworn duty?

Mr. DIEBOLD. Pardon, sir, I did not get that.

The CHAIRMAN. What did you do?

Mr. DIEBOLD. I have instructed my deputies that we would get together on this as soon as I heard from Mr. Moebus, the honorable judge, that I would, if possible, do that.

The CHAIRMAN. Have you ever visited any of the places?

Mr. DIEBOLD. Personally, no, sir.

The CHAIRMAN. Have any of your deputies, under your orders?

Mr. DIEBOLD. Yes; they have.

The CHAIRMAN. Who?

Mr. DIEBOLD. Well, I have Mr. Fred Schlosser.

The CHAIRMAN. When did he visit them?

Mr. DIEBOLD. He was one of my deputies. That I don't know, my chief deputy being out of town when I left Newport.

The CHAIRMAN. You have no records to indicate when?

Mr. DIEBOLD. None whatsoever, because this was just brought up about a month ago; that is when the grand jury met.

The CHAIRMAN. When did the grand jury meet?

Mr. DIEBOLD. Some 3 weeks ago, I think; is that proper? I guess it was the 9th of June.

The CHAIRMAN. You yourself have not visited any of the places?

Mr. DIEBOLD. I myself, personally, no, sir; I have not visited any club. In fact, I have never been in one of the places personally.

Mr. NELLIS. How long have you been sheriff?

Mr. DIEBOLD. One year five months and twenty days.

Mr. NELLIS. And it took you approximately that long to find out what your duty was?

Mr. DIEBOLD. I would not say that.

Mr. NELLIS. You just testified about this, that you found out about it a month ago.

Mr. DIEBOLD. I was informed about a month ago.

Mr. NELLIS. Sheriff, do you consider having a meeting with your deputies and telling them what to do here, there, and the other places, is enforcing the law in your county? Is that how you consider you can enforce the law?

Mr. DIEBOLD. There was a meeting with my deputies, and I informed them in regard to visiting these places.

Mr. NELLIS. I am talking about a set of facts, which are these clubs in your county, under your jurisdiction, which have been notoriously open for years; isn't that right?

Mr. DIEBOLD. That is what I hear. I have not been in them. I don't know that.

Mr. NELLIS. Why don't you go down there and find out? Why do you think the Commonwealth of Kentucky is paying your salary?

Mr. DIEBOLD. I told you, as operating the office as a tax collector—

Mr. NELLIS. Well—

The CHAIRMAN. No; let him finish.

Mr. NELLIS. I am sorry, sir.

Mr. DIEBOLD (continuing). Which I have been operating under those conditions, and when asked by the various local or county patrols, I have assisted, when called upon, because I myself personally think I have not got the men available to perform the duties that are required throughout the county.

The CHAIRMAN. How many men do you have?

Mr. DIEBOLD. Eight.

The CHAIRMAN. Eight?

Mr. DIEBOLD. Yes, sir.

The CHAIRMAN. Would it take very much for them to make a visit to this club regularly?

Mr. DIEBOLD. Well, I have four men that I have in the one office in Newport for the collection of taxes, and two in the office of Alexandria, besides serving the courts of the county with one or two more deputies, at times which I myself personally serve the courts. It is the only county that is operated under the Fayette law of the Commonwealth.

The CHAIRMAN. Do you believe that gambling has been in operation in the last month at either the Beverly Hills, Latin Quarter, or Alexandria Clubs?

Mr. DIEBOLD. Not to my knowledge, I do not.

Mr. NELLIS. Do you believe it has not been in operation? Would you swear to that?

Mr. DIEBOLD. I could not swear to that. I have not seen it.

The CHAIRMAN. I am only questioning you as to what you believe from all that you have heard, and from reports that you have received. Are you of the opinion that gambling has been closed down in your county.

Mr. DIEBOLD. My personal belief, I could not really answer that question, unless I seen it in person, which I have not.

The CHAIRMAN. Did you take any steps to look for it or find out?

Mr. DIEBOLD. I have, through the office of the county patrol.

The CHAIRMAN. Go ahead.

Mr. NELLIS. You consider that your chief job is that of a tax collector, is that correct?

Mr. DIEBOLD. I don't consider that as my chief job. I tried to inform you gentlemen that this county of Campbell is operated altogether differently from the other 119 counties in the Commonwealth. The sheriff receives no fees in Campbell County. It is a straight salary basis.

Mr. NELLIS. Well, let's find out whether you know anything about law enforcement in your county.

Do you know Maurice Ryan?

Mr. DIEBOLD. No; I do not.

Mr. NELLIS. Do you know Morris Nemmo?

Mr. DIEBOLD. No; I do not.

Mr. NELLIS. Do you know Croft, John Croft?

Mr. DIEBOLD. I have heard of him and seen him, I think twice.

Mr. NELLIS. Do you know Sam Gutterman?

Mr. DIEBOLD. No; I don't know Sam Gutterman.

Mr. NELLIS. Did you know that right in your own county are a group of people from Cleveland and Florida, a very sizable gambling group, and who are racketeers, who were and are partners in some of the establishments right in your county? Did you know that?

Mr. DIEBOLD. Only from what I have heard and seen.

Mr. NELLIS. What effort have you made to find out that the information that the Crime Committee found to be true?

Mr. DIEBOLD. Myself, personally, I have never been in one of those places, and I think they are true; as I told you before, I have not been in one of those places.

The CHAIRMAN. Did you stay away from them purposely?

Mr. DIEBOLD. No, sir. I have not been a man to go in those places.

The CHAIRMAN. Didn't you consider it your duty to find out what was going on?

Mr. DIEBOLD. Probably it is.

Mr. NELLIS. What salary do you receive as sheriff?

Mr. DIEBOLD. Five thousand dollars a year, sir.

The CHAIRMAN. Is that your sole source of income?

Mr. DIEBOLD. Absolutely.

Mr. NELLIS. You have no other sources of income?

Mr. DIEBOLD. No, sir.

Mr. NELLIS. Have any of the gambling element around your county or the adjoining counties contributed to your political campaigns?

Mr. DIEBOLD. No, sir.

Mr. NELLIS. You don't have any dealings with the gamblers at all?

Mr. DIEBOLD. No, sir.

Mr. NELLIS. Are you in favor of the enforcement of the gambling laws of your State?

Mr. DIEBOLD. I am in favor of law and order and enforcement.

Mr. NELLIS. You would like to see your community rid of these racketeers and gamblers?

Mr. DIEBOLD. Yes, sir.

Mr. NELLIS. Then why haven't you done something about it, if you really feel that way?

Mr. DIEBOLD. Could I say that the head of the county patrol has taken in, as we would call it, the rural district, and the operation of the cities was taken care of by the community, which has been enforced, to my knowledge?

Mr. NELLIS. So that your answer is that somebody else has the jurisdiction out in the county, and another person has jurisdiction in the cities, and you have nothing left to do but collect taxes; is that right?

Mr. DIEBOLD. And assist whenever I am called upon, which I do, and have done.

Mr. NELLIS. How do you think the good people of your community would feel if they found that their sheriff considers himself a tax collector and not a law-enforcement officer, according to the law?

Mr. DIEBOLD. As I understand, previous to this, that is what happened.

Mr. NELLIS. I have no further questions.

The CHAIRMAN. That is all.

Mr. NELLIS. I would like to talk next with the chief of police of the city, Mr. Gugel.

The CHAIRMAN. Very well.

Mr. NELLIS. Mr. Gugel, you testified in Cleveland?

Mr. GUGEL. That is right, sir.

The CHAIRMAN. Just a minute. It might be well to place this letter and newspaper clipping that was presented to us by Mr. Diebold in the record.

(The documents above referred to are identified as exhibit No. 4, and appear in the appendix on p. 227.)

The CHAIRMAN. I am sorry, go ahead.

Mr. NELLIS. Mr. Gugel, you testified in Cleveland?

Mr. GUGEL. That is right, sir.

Mr. NELLIS. Do you recall your testimony there to the effect that you knew very little about the operation of the clubs in the city, that you had your deputies go out there every now and then; is that right?

Mr. GUGEL. That is right.

Mr. NELLIS. What have you done since the middle of January to enforce the law in the city of Newport?

Mr. GUGEL. Well, the first thing I did, I stationed a patrolman around every place, uniformed men, to see that there was no gambling going on.

Mr. NELLIS. Have you been in the Yorkshire Club recently?

Mr. GUGEL. No, sir; I have not.

Mr. NELLIS. Have you been in the Latin Quarter Club recently?

Mr. GUGEL. That is in the county. I don't visit there, though.

Mr. NELLIS. You don't visit there?

Mr. GUGEL. No, sir.

The CHAIRMAN. Mr. Gugel, which of these places, if any, is under your jurisdiction?

Mr. GUGEL. Sir?

The CHAIRMAN. Which of these places?

Mr. GUGEL. The Yorkshire Club.

The CHAIRMAN. The Yorkshire Club.

Mr. NELLIS. And the Merchants Club, too?

Mr. GUGEL. Yes, sir.

Mr. NELLIS. Have you visited there?

Mr. GUGEL. No, sir.

Mr. NELLIS. You have not?

Mr. GUGEL. No, sir.

The CHAIRMAN. The Alexandria Club, Latin Quarter, and Beverly Hills are not?

Mr. GUGEL. Wait. I think it was the 10th or the 8th of this month, that I, personally, with a sergeant and patrolman, visited the Merchants Club there on Fourth Street. I had information that there could be cheating in there, or something like that, and I went through the place myself.

Mr. NELLIS. Have you conducted any raids recently on the wire-service headquarters in Newport?

Mr. GUGEL. There has been a lot of wire service cut down by my men. I would say, I just can't say the dates or anything, but they have orders, and they have been, I would say, doing some good work on it.

Mr. NELLIS. Has the city manager made any further charges about your being derelict in your duty since the last charges?

Mr. GUGEL. No, sir.

Mr. NELLIS. Do you and the city manager get along very well?

Mr. GUGEL. We get along in a business way.

Mr. NELLIS. I am talking about law enforcement, not personal social contacts.

Mr. GUGEL. The orders he gives me, I carry out.

Mr. NELLIS. What have been his orders to you recently?

Mr. GUGEL. Well, on different complaints that he gets, he turns them over to me, and sometimes to the chief of detectives.

Mr. NELLIS. Have you had any occasion to conduct raids on any operations in your city?

Mr. GUGEL. Yes; I would say since January we have conducted, I have no records with me, but I would say we have conducted about a dozen raids. Any information we get we go right on out after it.

Mr. NELLIS. Yet you would agree that your city is fairly wide open right now; is it not?

Mr. GUGEL. Is what?

Mr. NELLIS. Is fairly wide open right now.

Mr. GUGEL. No.

Mr. NELLIS. It is not?

Mr. GUGEL. No, sir.

Mr. NELLIS. Has it changed considerably in the last 3 months?

Mr. GUGEL. I will say that it has changed considerably in the last 6 months.

The CHAIRMAN. But it had been fairly wide open?

Mr. GUGEL. Sir?

The CHAIRMAN. It had been fairly wide open before that?

Mr. GUGEL. I would say not since about the first part of 1950.

The CHAIRMAN. It was wide open until then?

Mr. GUGEL. Before that.

The CHAIRMAN. When you say "wide open," what do you mean by that? What was the extent of operation?

Mr. GUGEL. Well, gambling.

Mr. NELLIS. In how many places would you say?

Mr. GUGEL. Well, I would say there was a lot of sneak handbooks around cafes, of which we have about 120 or 122, and then there was the Flamingo Club and the Merchants Club and the Yorkshire Club.

The CHAIRMAN. They were operating wide open; weren't they?

Mr. GUGEL. I was told that, sir.

Mr. NELLIS. Where is the Alexandria Club, Mr. Gugel?

Mr. GUGEL. In the city of Newport.

Mr. NELLIS. Would it surprise you to know that we have sworn testimony to the effect that an individual observed gambling wide open there on the night of June 5 of this month?

Mr. GUGEL. Well, you say you have sworn testimony?

Mr. NELLIS. That is right. We have testimony on the record, under oath, to the effect that that place was running wide open just a few weeks ago.

Mr. GUGEL. My information that I got about it is the only thing I can tell you, and that is that they had a "shake the box," I don't know, a dice game like that, I think for chips, that is all I know, and I think they called it a 26 game. I never played it.

Mr. NELLIS. For your information it was wide open, a blackjack game and a dice game.

Mr. GUGEL. No.

Mr. NELLIS. Wait a minute. You don't know. Have you been there?

Mr. GUGEL. Well, sir, no; my men go there, and their reports which I have got there, I will show you. I even have a man stationed there at different times.

Mr. NELLIS. Well, I don't think your information is very accurate.

Quite apart from that, now, do you know who owns the Alexandria Club?

Mr. GUGEL. Art Dennert.

Mr. NELLIS. Do you know who his partner is?

Mr. GUGEL. I wouldn't know; no, sir.

Mr. NELLIS. Do you know Louis Levinson, formerly of the Flamingo Club?

Mr. GUGEL. I know about Louis. I know those fellows.

Mr. NELLIS. Have you picked them up recently?

Mr. GUGEL. No; I have not.

Mr. NELLIS. When was the last time you arrested any gambler personally?

Mr. GUGEL. Personally?

Mr. NELLIS. Yes.

Mr. GUGEL. I always have the detectives to handle that.

The CHAIRMAN. What is the size of your force?

Mr. GUGEL. Sir?

The CHAIRMAN. What is the size of your force?

Mr. GUGEL. Forty-five men.

The CHAIRMAN. How long have you been in that position?

Mr. GUGEL. As chief of police?

The CHAIRMAN. Yes.

Mr. GUGEL. It was 5 years in February.

The CHAIRMAN. Mr. Nellis.

Mr. NELLIS. Did you ever make public a letter sent to you by the former chairman of this Senate committee suggesting that you resign?

Mr. GUGEL. I never got no letter.

Mr. NELLIS. Didn't you receive a letter?

Mr. GUGEL. No, sir.

Mr. NELLIS. Are you sure about that?

Mr. GUGEL. I would have to go through my papers down there to look, because if I did, I didn't pay much attention to it.

Mr. NELLIS. You did not pay any attention to it?

Mr. GUGEL. Well, I am saying, I did not resign.

Mr. NELLIS. Is your sole source of income from your salary?

Mr. GUGEL. That is right, sir.

Mr. NELLIS. What is your salary?

Mr. GUGEL. It is around \$3,800 a year now. When I was up here in—or when I was up in Cleveland, it was around \$3,600. We got a small increase.

Mr. NELLIS. What is your net worth, Chief Gugel?

Mr. GUGEL. Well, your records will show that.

Mr. NELLIS. I don't want the records, I want your net worth.

Mr. GUGEL. Well, I am saying—

Mr. NELLIS. What would you say you are worth today?

Mr. GUGEL. Well, I have two pieces of property, I would say they are around, the two of them together, around \$15,000, maybe \$16,000, that is all I have. I have got an automobile, a private car.

Mr. NELLIS. Do you have any cash anywhere?

Mr. GUGEL. Well, I might have around four or five hundred dollars in cash for different things that come up.

Mr. NELLIS. You estimate your net worth at what, then?

Mr. GUGEL. What I told you.

Mr. NELLIS. What is it?

Mr. GUGEL. I said around \$15,000 or \$16,000.

Mr. NELLIS. Fifteen or sixteen thousand dollars?

Mr. GUGEL. Yes, sir.

The CHAIRMAN. Those are the only items?

Mr. GUGEL. Sir?

The CHAIRMAN. Those are the only items constituting your net worth?

Mr. GUGEL. That is right, sir.

Mr. NELLIS. Sheriff Diebold, what is your net worth?

Mr. DIEBOLD. I have a little cottage that I have owned for 3 years at 324 Thorne Street, that I bought for \$5,000. I have \$3,150 in Government bonds, and I have, I think, \$3,400 in cash.

Mr. NELLIS. Do you drive an automobile, sir?

Mr. DIEBOLD. For the office.

Mr. NELLIS. Only the official car?

Mr. DIEBOLD. Yes, sir.

The CHAIRMAN. Is that right?

Mr. DIEBOLD. Yes, sir; I have two in the office, sir.

The CHAIRMAN. Have either of you, Mr. Gugel, first I will ask you, are you married?

Mr. GUGEL. Yes, sir.

The CHAIRMAN. Are there any separate holdings by your wife?

Mr. GUGEL. No, sir.

The CHAIRMAN. Sheriff, how about you?

Mr. DIEBOLD. No, sir. The wife has everything that we have between us.

The CHAIRMAN. So that the different items that you have just enumerated constitute the entire holdings of each and both of you gentlemen, is that right?

Mr. GUGEL. That is right.

Mr. DIEBOLD. That is right.

Mr. NELLIS. Do you, or does any member of your family have an interest in a hotel in California?

Mr. GUGEL. I have got a brother out in California.

The CHAIRMAN. Does he have a hotel there?

Mr. GUGEL. Well, I think they call it a unit building, like an apartment building. He has been out there, oh, 20 or 25 years, I guess.

Mr. NELLIS. Do you have any interest in that place?

Mr. GUGEL. No.

Mr. NELLIS. None at all?

Mr. GUGEL. No, sir.

Mr. NELLIS. Did you ever receive any money from him?

Mr. GUGEL. No, sir.

Mr. NELLIS. From your brother?

Mr. GUGEL. No, sir.

Mr. NELLIS. Well, are you going to do anything about this Alexandria Club?

Mr. GUGEL. Well, I have been doing it all along. I am going to keep on.

Mr. NELLIS. We have just gotten through telling you that there were gambling operations going on less than 2 weeks ago. What are you going to do about it?

Mr. GUGEL. Well, Friday, Saturday, and Sunday, I don't know the dates, I think it was around the 8th, 9th, and 10th, it has been closed every night by my police.

Mr. NELLIS. The last few nights, you mean?

Mr. GUGEL. Sir.

Mr. NELLIS. The last few nights?

MR. GUGEL. Yes, and previous to that, Mr. Rhoads, the manager, has assigned Lieutenant Galluci. He is a police lieutenant out there and he stays out there.

MR. NELLIS. Mr. Gugel, what did you do with those affidavits or statements that you offered us in Cleveland concerning the alleged meeting between you and Mr. Rhoads at which Mr. Rhoads was alleged to have instructed you to close down some places, and—

MR. GUGEL. What did I do with them?

MR. NELLIS. Yes, sir.

MR. GUGEL. I have them in my office.

MR. NELLIS. Would you undertake to mail those by registered mail when you get back?

MR. GUGEL. I will talk to the legal department before I do anything. I won't say "Yes" and I won't say "No."

MR. NELLIS. You are under subpoena, you understand, and the committee would like to look at those documents. You were supposed to furnish them at that previous time, and they were not furnished.

MR. GUGEL. No, no, I had them up in Cleveland, and Mr. Kefauver read them and handed them back to me.

MR. NELLIS. Well, we would like to have them back, and we will return them to you.

THE CHAIRMAN. Or a copy of them.

MR. NELLIS. Or a copy.

MR. RHOADS, you are the city manager?

MR. RHOADS. That is right.

MR. NELLIS. And you and Mr. Gugel both testified in Cleveland?

MR. RHOADS. That is correct.

MR. NELLIS. And there was some conflict in your testimony; do you recall that?

MR. RHOADS. Yes.

MR. NELLIS. What has happened in your community since the middle of January?

MR. RHOADS. Of course, the orders are the same, the orders that have been in effect for more or less 2 years. In all fairness to the police, I think there has been more cooperation in the last few months than previously.

The Alexandria Club is the only one that I have had any reports on, other than, maybe, I believe maybe the Yorkshire was mentioned also.

MR. NELLIS. Yes.

MR. RHOADS. Now, in recent months, the information I have through some of our police department is to the effect that on these occasions there was some or must have been some sneak operations. I don't think they have attempted to operate other than maybe in the manner in which it was found by Mr. Goddard at that time.

MR. NELLIS. Do you give orders to the chief of police to pick up those known gamblers from time to time, and interrogate them, and find out how they are earning their living?

MR. RHOADS. I don't think there have been any orders to pick up any particular person. They are to keep them under constant surveillance, and certainly my orders have been very definite about gambling continuously, and it will be continuously in that direction.

I don't know whether they have picked up any known gamblers. Frankly, I don't know too many gamblers, as such. I have never had any contact with them.

Mr. NELLIS. I understand you eat in the Yorkshire Restaurant there, do you not, regularly?

Mr. RHOADS. Yes, I have eaten there.

Mr. NELLIS. Have you observed any entrance to a room which is heavily guarded or under guard?

Mr. RHOADS. No, no, I have not. Of course, when I am there, it is at noon, and some of the lawyers eat there.

Mr. NELLIS. You understand, I was not questioning where you go to eat.

Mr. RHOADS. Yes, I realize that.

Mr. NELLIS. I wonder whether you observed a doorman there?

Mr. RHOADS. Well, I don't think there has been any doorman, because I have observed, and I would have been observing it very carefully, along with the attorneys with me, if there was anything like that, and I have taken particular notice to it, there has not been any noticeable attempt to guard any of the entrances.

The CHAIRMAN. How about the Alexandria?

Mr. RHOADS. I have not been in the Alexandria Club. However, we have been very careful in our surveillance of that particular club. I have even assigned some special police there.

The CHAIRMAN. Well, the truth is that it has been operating wide open this month.

Mr. RHOADS. I don't think that is the case, Senator.

The CHAIRMAN. We have sworn testimony to that effect.

Mr. RHOADS. I realize you may have.

The CHAIRMAN. That there were 250 people at one time, with the operation wide open, and there was no difficulty of anybody walking in there, and there wasn't any effort made to hide it, it was not hidden or done surreptitiously.

Mr. RHOADS. I am very much surprised if that is the case, because I have given special instructions to our police, and some of them individually, to check that place.

The CHAIRMAN. Mr. Nellis.

Mr. NELLIS. Did you ever make any statements to representatives of this committee concerning Mr. Gugel recently?

Mr. RHOADS. I don't know just who comprises the committee.

Mr. NELLIS. Well, did you tell Mr. Goddard that you felt Mr. Gugel was not doing a good law-enforcement job yet, and that you were trying to get him out so that you could get somebody in that would do the job?

Mr. RHOADS. I don't know whether I used those exact words or not. Frankly, I have not been depending too much on Chief Gugel in the last few months. Unfortunately I have had to, on many occasions, go to some subordinate and work through them.

Whether my lack of confidence is justified or not, I have not been able to place the confidence that I should have in Chief Gugel, and only a week ago Saturday, I believe it was, following the meeting that I had with Mr. Goddard, in which he informed me about those two places, which I was rather surprised to hear about, I called in Chief Gugel before the city commission, and I reported what had been

told me, and I asked him to make some personal inspections of those places, to ascertain whether or not that was true.

The CHAIRMAN. Apparently he did not do it from his testimony here today.

Mr. RHOADS. Those were the instructions I gave, and I also called in the detective that we have now, a new chief of detectives that I have just recently appointed under our civil service set-up, and I called him in and assigned to him some special men, with the specific instruction that they check those places, and every place else, to determine whether or not those things are continuing.

Those are my most recent instructions, I believe.

The CHAIRMAN. What has the authority over the chief?

Mr. RHOADS. I do, Senator.

The CHAIRMAN. Do you have power to remove him?

Mr. RHOADS. No, I don't. I have power to prefer charges, Senator, but we operate under a civil service set-up, and I do not have the power to permanently displace him.

The CHAIRMAN. Have you preferred charges against him?

Mr. RHOADS. Yes.

The CHAIRMAN. When?

Mr. RHOADS. They were charges preferred last, I believe it was in November.

The CHAIRMAN. Have they been heard?

Mr. RHOADS. They have been heard, and they are heard before the city commission.

The CHAIRMAN. Was there any action taken on him?

Mr. RHOADS. Yes, there was a suspension of 28 days, I believe it was, handed down at that time.

The CHAIRMAN. Were the charges for dereliction of duty?

Mr. RHOADS. The charges were for dereliction of duty and insubordination. At the time it was felt that we did not have sufficient proof, or the type of proof that would stand up in a court of appeals. So that charge was withdrawn, and the charge of insubordination was put into effect, and he did serve those 28 days of suspension.

Mr. NELLIS. What is the reason for your present lack of confidence in him?

Mr. RHOADS. Mr. Nellis, I presume it is just because of lack of confidence, anyway, where someone has been in that position over a period of years, where those things have been apparently condoned and have been wide upon, so far as I know, and I suppose it is hard to have confidence where those things have gone on for so long.

However, I might add this, I have tried to void myself of any prejudice against Chief Gugel. All I am concerned about is the enforcing of the law. If he will do that, that is the only thing I am requiring of him, and I don't think that is anything other than what he is required to do under the law.

Mr. NELLIS. What is your salary as city manager?

Mr. RHOADS. Mine is \$7,200.

Mr. NELLIS. Do you have any other source of income besides your salary?

Mr. RHOADS. Yes, I have a small income. I am a practicing attorney, and that is the only source of income I have, other than that.

Mr. NELLIS. What is your average yearly income, Mr. Rhoads?

Mr. RHOADS. Well, now, let's see. I imagine last year it ran around—you are talking about gross income, I presume?

Mr. NELLIS. Yes.

Mr. RHOADS. I think it ran around \$2,000 practicing law.

Mr. NELLIS. Does your partner, or the person with whom you are associated, represent any of the gamblers in this area?

Mr. RHOADS. I don't think so, Mr. Nellis. I think at one time the firm that I have an office in represented the Yorkshire, but I don't think that has been true since I have been city manager.

Mr. NELLIS. That has been two years?

Mr. RHOADS. Yes. I think at one time they did represent them. I don't know in what capacity. If I recall, there were maybe one or two other attorneys that were representing them also.

I don't know just what the arrangement was, because I didn't have anything to do with that phase of the operation. I was not a member of the firm. I simply was an associate there, and I had an office there.

Mr. NELLIS. Well, the senior member of the firm with whom you are associated owns a building in Newport, the Finance Building, does he not?

Mr. RHOADS. Well, the Newport Finance Corp. owns it, and I think he is the controlling stockholder there.

Mr. NELLIS. And the point is that there are a number of suspicious operations right in the building, Mr. Rhoads.

Mr. RHOADS. Well, I think possibly that probably is not true just now. I have been very, very diligent in trying to run that situation down, to determine whether or not that is true. In fact, I have issued several special orders and have even stationed men in the building to observe from day to day in the halls, and we have held numerous consultations with the telephone company, and we have gotten some recent cooperation from the telephone company in determining that.

The CHAIRMAN. I would like to ask the other gentlemen who are around the table whether any of them are desirous of making any statement, either in explanation of existing conditions or conditions in the recent past, or anything pertinent to that, that might be of interest to the committee.

Mr. THIEM. First of all, there is gambling in the Finance Building, and there always has been, and there is right now.

The CHAIRMAN. Gambling in the Finance Building, you say?

Mr. WARREN. I would like to interrupt, and I would like to have a certified copy of this record, that there is a police record—

The CHAIRMAN. Just a moment, counsel, please. You will be given every opportunity to make any statement you care to.

Mr. WARREN. I am sorry.

The CHAIRMAN. Sergeant Thiem, you say that gambling is in operation now?

Mr. THIEM. Yes, sir.

The CHAIRMAN. In the Finance Building?

Mr. THIEM. Yes, sir.

The CHAIRMAN. To what extent?

Mr. THIEM. Bookies, a commission house.

The CHAIRMAN. By bookies—you say there are bookies there?

Mr. THIEM. Yes, sir.

The CHAIRMAN. Have you undertaken to suppress it or to take any steps or to bring it to the attention of the officials?

Mr. THIEM. Yes, sir, I have.

The CHAIRMAN. To what extent?

Mr. THIEM. I attempted to swear out a warrant for the police on a place known as the Bobben Realty Co.

The CHAIRMAN. Go ahead.

Mr. THIEM. That was in May of 1950. I have my book over here. It was May of 1950. I had the city police judge and prosecutor's office with me, as I was swearing out the warrant, and the prosecutor excused himself and went into Mr. Rhoads' office, and within a few minutes Mr. Benton, the owner of that building, came to the prosecutor's office and grabbed me by the arm and pulled me outside and asked me what I was trying to do to him. I told him that I was attempting to raid them, the Bobben Realty Co.

The CHAIRMAN. Yes.

Mr. THIEM. He said for me to stall, and I says, "I don't have to stall, the prosecutor is doing that."

With that he ran into the manager's office and after some time I got my warrant, and I went to the Finance Building, and the place was closed down.

The CHAIRMAN. Who told you to stall?

Mr. THIEM. Mr. Benton, the owner of the building.

The CHAIRMAN. Who is he?

Mr. THIEM. He is the senior member of Benton, Benton & Ludeki, the firm that Mr. Rhoads is a member of.

The CHAIRMAN. Now, what is your information? You say that was in 1950?

Mr. THIEM. May of 1950, yes, sir.

The CHAIRMAN. What is your information as to the fact that it has continued up until now?

Mr. THIEM. I know it is there. I know Lazoff runs it, and his partner, whose name is Rosenbaum.

Mr. NELLIS. That is the same Rosenbaum who testified before this committee not long ago?

Mr. THIEM. Yes, sir.

The CHAIRMAN. And that is continuing?

Mr. THIEM. Yes, sir, it is continuing today.

The CHAIRMAN. Well, now, what have you to say, for example, with respect to the Alexandria?

Mr. THIEM. The Alexandria Club has been operating after hours under the guise of a restaurant license. The bar, the liquor bar, was supposed to be closed down. He locks his doors at 2 o'clock, and nobody can enter, especially the police. Now, in the last few days the commissioners have passed an ordinance stating that the restaurants had to be closed along the bar, wherever the bar may be. He was raided three times in the last 3 nights.

The CHAIRMAN. Yes. We have information, sworn testimony, that on or about the early morning of Wednesday, June 6, that there was wide-open gambling in operation with about 250 people there.

Mr. THIEM. Well, Senator, the 250 people would probably be right, and if the information I have received through the grapevine is correct, he is running a "beat-the-dealer" game, or 26 game. So far as

its being wide open, it is not wide open, even to the officers, because we have tried to get into it.

The CHAIRMAN. Well, now, has it been wide open in the last couple of months would you say?

Mr. THIEM. Never after 2 o'clock.

The CHAIRMAN. I am not talking about after 2, I am talking about before 2.

Mr. THIEM. Yes, sir; it is wide open, but then there is no game there.

The CHAIRMAN. Well, the information we had was that there were tables in operation.

Mr. THIEM. What type of tables, sir?

The CHAIRMAN. Well, the gambling, the ordinary gambling tables.

Mr. THIEM. You mean a dice table?

The CHAIRMAN. Dice and blackjack.

Mr. THIEM. That is not a fact, sir.

The CHAIRMAN. You don't think that is so?

Mr. THIEM. No, sir; I don't.

Mr. NELLIS. You have not been in the place during the time gambling was in operation?

Mr. THIEM. No. Like I say, they usually started the side games after 2 o'clock.

The CHAIRMAN. Have you been in attendance there to see whether their operations were going on?

Mr. THIEM. Before 2 o'clock; yes, sir.

The CHAIRMAN. Go ahead.

Mr. THIEM. Now, I arrested Mr. Dennert about a week ago, under the old ordinance which was thrown out of court. The reason I did that, the mayor of the town said that the present laws were adequate, and all that it needed was enforcement. I gave it a try and I failed.

The CHAIRMAN. It is your opinion that they have been operating actively after 2 o'clock?

Mr. THIEM. With side games, I don't know anything about blackjack. I know about the 26 game. The 26 game has been used more or less in the cafes around town, so long as I can remember, and they were not considered as gambling.

The CHAIRMAN. Is there any dice game going on after 2 o'clock?

Mr. THIEM. No, sir; I am pretty sure there has not been. I know Mr. Dennert quite well and I am sure that I would have an inkling of it if it was going on.

The CHAIRMAN. That is further away, but what is your belief about Beverly Hills and the Latin Quarter?

Mr. THIEM. They were going right wide open.

The CHAIRMAN. And they have been going wide open?

Mr. THIEM. Yes, sir.

The CHAIRMAN. We have sworn testimony available to us that on June 1 and June 2, for example, and other times too—but I am just taking those specifically—there were large numbers of people in both the Latin Quarter and Beverly Hills actively engaged in gambling.

Mr. THIEM. Yes, sir; there was.

The CHAIRMAN. Go ahead.

Mr. NELLIS. Mr. Eha—

Mr. WARREN. Senator, pardon me.

Mr. NELLIS. Oh, do you want to make a statement concerning that?

MR. WARREN. I would like to ask the Senator, to get this into the record, to ask this man, who is a police officer, a sworn officer in the Commonwealth of Kentucky, how he can make the categorical statement that gambling is going on in a certain place and he knows of it, and what he has done about it since 1950. I would like to get that in the record.

The CHAIRMAN. You want that question asked of him?

MR. WARREN. Yes, sir.

The CHAIRMAN. I am very glad to ask it. As a matter of fact, I thought we did ask him that.

MR. THIEM. You did, sir. Now, may I ask Mr. Warren—

The CHAIRMAN. No. Just let us have these questions answered one at a time.

MR. THIEM. May I ask a question of what particular place he is referring to?

MR. WARREN. You made a categorical statement that gambling exists at the present time and has existed, in the Finance Building, and specifically in the Bobben Realty Co. office.

MR. THIEM. That is right. Now, I know that to be a fact. I attempted to enter that place without a warrant and I could not get in. Now, when I swore the warrant there in 1950, after some time of knocking on that door, they answered it. But any other time other than that they would not even answer the door for me.

The CHAIRMAN. Sergeant, may I ask this: Did you report that episode and the details of it to your superiors?

MR. THIEM. I did, to Chief Gugel, and to Judge Maybury of our police court. Judge Maybury is my witness that Mr. Benton came to that office and pulled me from the office.

The CHAIRMAN. I am referring to reports that you made. Did you report the details to the chief?

MR. THIEM. Yes, sir, I did, on this occasion when that happened.

The CHAIRMAN. Yes.

MR. WARREN. That still did not answer my question that I want in the record.

The CHAIRMAN. Just a moment, counsel.

Chief Gugel, you gentlemen are all under oath and you have heard that statement made.

Did the sergeant make that report to you as of that time?

MR. GUGEL. Well, sir—

The CHAIRMAN. First, I would be obliged if you would answer it "Yes" or "No," and then you may make any explanatory statement you desire.

Did he make a report to you?

MR. GUGEL. Yes.

The CHAIRMAN. Now, did you want to make some explanation?

MR. GUGEL. No, no, that is all right, sir.

The CHAIRMAN. Now, you wanted to say something, did you?

MR. WARREN. What I want brought out on the record is, if he knows that it exists now, and if he has made any report to anyone respecting that alleged condition since this original occasion in 1950, he says it is existing now.

The CHAIRMAN. That is right. You have made yourself plain.

You have heard that question asked, just the basis of your information as to the prevalence of it or the fact that it is now going on.

Mr. THIEM. Sir, all you have to do is to call the Bobben Realty Co. by its telephone number advertised in the telephone book, and they will answer it. You hear the results over the phone.

The CHAIRMAN. You have reason to believe that it is in operation, and that a person can place bets and get results over the phone from there?

Mr. THIEM. Yes, sir.

Mr. WARREN. That still did not answer the question.

Mr. THIEM. Through the commission basis.

The CHAIRMAN. Sergeant, could I ask you this, Is there any explanation for what you have done or have not done since May of 1950 in connection with that place?

Mr. THIEM. Sir, I didn't try to get any more warrants after that.

The CHAIRMAN. In other words, are we to understand that you have been under the belief since May of 1950 that it would be useless to try?

Mr. THIEM. Absolutely, yes, sir. The same thing happened at a cafe at Seventh and Roberts Street when Officer White swore to a warrant for a cafe that was called Flagg's Cafe, or Peter's Cafe, and he came and got me while I was doing traffic at the bridge, and he asked me to accompany him. We headed for the cafe, and we went there and found that it was closed.

We had information after that that the secretary to Mr. Rhoads called the telephone operator and asked for the telephone number of Peter's Cafe at the time we were on our way toward the cafe.

The CHAIRMAN. Mr. Eha, I thought you indicated a desire to say something; is that right?

Mr. EHA. Yes. I would like to say this, that the city commission, before our administration, about the middle of 1948, I believe it was, levied a gambling tax under the guise of an occupational tax. It was a matter of record that there were approximately 70 handbooks, approximately 10 clearinghouses that were operating in the city.

The information that I have is that these clearinghouses were operating under these fictitious names, some of these names Sergeant Thiem had actually collected the license fee from for the city. Another report—

Mr. NELLIS. Specifically, can you name those places? I mean, you are making a serious charge.

Mr. EHA. There is one at 313 York Street, that I believe Sergeant Thiem had collected the license fee on, and it was a matter of record.

I feel that if any officer wanted to do his duty, it was common knowledge in the city that that was a gambling tax.

The CHAIRMAN. Have those places remained open?

Mr. EHA. I would like to say this, that a few months prior to our administration, when the last administration was defeated and our election was assured, they repealed this gambling tax so it was not there when we came in.

It is reputed that the sergeant—no, it is reputed that the city received something like \$70,000 from this form of taxation.

The CHAIRMAN. Well, you need not go into the details of it. We are aware of that. My point is this, are the places in operation, and have they been recently?

Mr. EHA. Not to my knowledge, so far as the Finance Building is concerned; the city manager has talked to the city commission, and we have used every effort we can to weed those places out.

During last winter, during the football season, I had investigated the Finance Building myself.

The CHAIRMAN. All right, Mr. Eha. Have you reason to believe that the Alexandria Club has been in operation?

Mr. EHA. I have some reports that they were, but they were just merely rumors.

The CHAIRMAN. What did you do to ascertain the accuracy of them?

Mr. EHA. I reported my findings to the city manager.

The CHAIRMAN. How about—well, of course, these are at different points—but how about at Beverly Hills and Latin Quarter, is your information to the effect that they have been operating or not?

Mr. EHA. Senator, I have no way of knowing whether those places operate or not, merely what I read in the paper.

May I say this, if I may ask Sergeant Thiem a question—

The CHAIRMAN. Does it have to do with the present situation?

Mr. EHA. The Alexandria Club, Sergeant Thiem, prior to 1950, did you ever work for Artie Dennert in the form of a bouncer?

Mr. THIEM. No, sir; I did not.

Mr. EHA. You know there are reports that you did, that you served as a special guard.

Mr. THIEM. Sir, if you believed everything that you heard so far as the public is concerned in our city, you would definitely be out of your head by this time.

Mr. NELLIS. I want to talk to the chief of the county police.

Mr. WINTERS. That is me.

Mr. NELLIS. You have jurisdiction over places outside the city of Newport itself?

Mr. WINTERS. Yes, sir.

Mr. NELLIS. And you have jurisdiction over Beverly Hills?

Mr. WINTERS. Yes, sir.

Mr. NELLIS. And over the Latin Quarter?

Mr. WINTERS. Yes, sir.

Mr. NELLIS. What about other clubs?

Mr. WINTERS. Well, actually we have jurisdiction over all the clubs in the county.

Mr. NELLIS. Is that right?

Mr. WINTERS. Yes, sir; every one.

Mr. NELLIS. What have you done about those places recently; have you raided them recently?

Mr. WINTERS. Which ones are you talking about, sir?

Mr. NELLIS. Specifically Beverly Hills, where we had information that gambling was running wide open.

Mr. WINTERS. Yes, sir. One of my patrolman swore to a warrant early in the month. He came to me and stated on his inspection out there—you see, they had a game room upstairs in the establishment but now, as I understand it, they set up operations on a breakdown basis, in a new portion of the building, so he came to me and I sent him to our county attorney, Mr. Bowen, and we had a warrant sworn to, and they went out and inspected both places. As a matter of fact, we checked the Latin Quarter also, and we did not find anything.

MR. NELLIS. You mean when you went out there you found nothing?

MR. WINTERS. That is right.

MR. NELLIS. Yes.

MR. WINTERS. I might add this, that I have reason to believe that there is gambling in both of those establishments.

MR. NELLIS. How did they get tipped off?

The CHAIRMAN. Just a moment. You say you have reason to believe that there is?

MR. WINTERS. I have reason to believe.

The CHAIRMAN. That they are in operation now?

MR. WINTERS. Yes, from public talk and sentiment, and whatnot, but with the limited men we do have, and with the time that we have to take with regard to other law enforcement, it is very tough for us to try to break up a large operation.

The CHAIRMAN. How many men do you have?

MR. WINTERS. Six men for 508 miles of road alone. Both of those establishments are in incorporated areas, incidentally, and they have law enforcement there.

The CHAIRMAN. Well, gentlemen, we have reached a point where we think we will conclude so far as this present hearing is concerned, that we will conclude the inquiry.

MR. RHOADS. Senator, there were some statements made that I cannot let go unchallenged, and if it is at all possible, may I make a statement, because certain things have been said that has cast reflections upon me that cannot go unanswered. There are some statements that were made by Sergeant Thiem.

The CHAIRMAN. Mr. Rhoads—

MR. RHOADS. And I want to get it on the record.

The CHAIRMAN (continuing). You want to deny the accuracy of them?

MR. RHOADS. Why, yes, Senator, and I have, I do have copies here of orders specifically sent to the chiefs of police directing their attention directly to that Finance Building.

The CHAIRMAN. All right. Now, in order to have that possible, we will receive those and place them in the record as your exhibits.

(The documents referred to above were marked "Exhibit No. 5," and appear in the appendix on p. 228.)

MR. RHOADS. Yes. And any statement by Sergeant Thiem to the effect that our city prosecutor, whom I have the greatest respect for, made any suggestions or even mentioned to me that there was a warrant issued, or any attempt made to notify anyone, is actually absurd.

The CHAIRMAN. Well, gentlemen, we must suspend at this time.

MR. RHOADS. May I make this statement? I think this is significant, that Sergeant Thiem—I am going to make this blunt—is not sincere, he has never been sincere in his efforts.

Before this commission was in office, or soon after it was in office, he even went to some of the commissioners themselves and attempted to get those fellows to compromise, stating that if they were permitted to remain open that it would be possible for the city to derive considerable revenue from those sources.

The CHAIRMAN. All right, Mr. Rhoads. We will suspend there. Let me say to each and every one present that the committee is ready

and willing to receive any further statements that are to be made, but in order that we may have it done deliberately and with due thought and consideration, we would require them to be in writing.

So anybody who feels at all aggrieved, or who feels he desires to amplify any of the statements made today, may do so if they will submit to counsel the statement in writing.

Mr. EHA. I have a document here I would like to put in.

The CHAIRMAN. That may be made part of the record.

(The document referred to above was marked "Exhibit No. 6.")

Mr. RHOADS. Senator, I would just like to make this statement.

The CHAIRMAN. Just a minute, Mr. Rhoads.

Mr. WARREN. You asked the chief to furnish certain affidavits.

Mr. NELLIS. That is right, affidavits which he had.

Mr. WARREN. He states that there is one already in part 6 of the hearings. Senator Kefauver read it into the record.

Mr. NELLIS. In that case we will forget it.

Mr. WARREN. Is there anything else you want?

Mr. NELLIS. No.

The CHAIRMAN. Well, that is all, gentlemen.

(Whereupon, at 1:25 p. m., the committee adjourned.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

MONDAY, JULY 23, 1951

UNITED STATES SENATE,
SUBCOMMITTEE OF THE SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 318, Senate Office Building, Senator Herbert R. O'Connor (chairman) presiding.

Present: Senators O'Connor, Kefauver, and Hunt.

Also present: Downey Rice, associate counsel; George Martin, director of information.

The CHAIRMAN. The hearing will please come to order.

At the outset I should like to refer to the resolution of the full committee authorizing the chairman of the committee to appoint the subcommittee to hold this hearing. Pursuant to that resolution, the chairman has appointed the Senator from Maryland and the Senator from Tennessee, Mr. Kefauver, to conduct this hearing, with provision that the attendance of one constitutes a quorum.

We are concerned today with conditions in Kentucky and it will be remembered that, in the report, in the third interim report filed by Senator Kefauver, particularly, reference was made to the Kentucky situation. I read from page 68 of the interim report, which will indicate the reason for the interest of the committee. It reads as follows:

The Cleveland syndicate, however, is resourceful and is ever alert for opportunities to stay in business. Even prior to the shut-down of the various clubs in Ohio, plans were made for an extension of syndicate operations into the wide-open communities of Campbell and Kenton Counties of northern Kentucky. Again the syndicate ran into local competition in this area. The syndicate and the local talent operated such gambling enterprises as the Lookout Club, the Beverly Hills Club, the Yorkshire Club, the Merchants Club, the Flamingo Club, the Latin Quarter, and the Kentucky Club.

I merely refer to that as the basis of the committee's interest in order to ascertain whether conditions which were referred to as of the end of April, what changes, if any, have occurred since.

In that connection, I might also make reference to a communication which was sent to this committee by the judge of the Kentucky circuit court, criminal division, Judge Joseph P. Goodenough, on June 27, in which he forwarded to our committee the report of the May grand jury, which report was filed on May 7, 1951. The judge, in forwarding the grand jury report, invited the attention of our committee to conditions and also invited comments from the committee on the report as well as on current conditions of gambling in that particu-

lar area. I might say, as has been said before regarding the policy and procedure, that in the event that any individuals referred to or has any accusation made against him or her, which that individual feels is not well founded or concerning which he or she desires to respond, an opportunity will be given at the earliest possible time to any such person who feels aggrieved.

Our committee is not interested in matters of a purely local nature. We are not giving attention to matters that may be involved in local elections which may be in the offing. That is not our concern and, strictly business, not our business. So we will attempt to avoid any unnecessary reference to matters which may be entirely of a local nature and may be involved in any election contest, but confine ourselves to those particular questions which are of interest to the committee.

We will now proceed, and I will ask our associate counsel, Mr. Downey Rice, if he will call the first witness.

TESTIMONY OF W. SHARON FLORER, COVINGTON, KY.

The CHAIRMAN. Mr. Florer, will you raise your right hand, please?

In the presence of Almighty God, do you swear that the testimony you give shall be the truth, the whole truth, and nothing but the truth?

Mr. FLORER. I do.

The CHAIRMAN. Will you kindly give your full name?

Mr. FLORER. W. Sharon Florer.

The CHAIRMAN. And the last name is spelled?

Mr. FLORER. F-l-o-r-e-r.

The CHAIRMAN. Mr. Florer, your residence?

Mr. FLORER. Covington, Ky.

The CHAIRMAN. And for what period have you resided there?

Mr. FLORER. Since 1927.

The CHAIRMAN. What is your business or profession or occupation?

Mr. FLORER. In the real estate and insurance business; also executive secretary of the Kenton County Protestant Association.

The CHAIRMAN. Will you describe that association for us, please? What is it made up of, please?

Mr. FLORER. It is comprised of two laymen and the pastor from each Protestant church in Kenton County. There are 80 Protestant churches. That would make about 240 members of our general assembly, which meets twice a year. Then we have an executive committee of officers and churchmen who meet monthly to carry on the business, and I work with the executive committee.

The CHAIRMAN. And are all the members from Kenton County?

Mr. FLORER. Our organization is just Kenton County.

The CHAIRMAN. Exclusively within Kenton County? That is true?

Mr. FLORER. Yes.

The CHAIRMAN. Mr. Rice.

Mr. RICE. You say there are in the association some lay members?

Mr. FLORER. Yes, sir.

Mr. RICE. How is that made up?

Mr. FLORER. The pastor and two laymen from each church comprise the governing assembly of our Protestant association.

Mr. RICE. So, of the entire group, a ratio of 2 to 1 of laymen to churchmen in the organization?

Mr. FLORER. That is true. It is primarily a lay organization.

Mr. RICE. Are you also a businessman, Mr. Florer?

Mr. FLORER. Yes, sir.

Mr. RICE. What is your line of business?

Mr. FLORER. Real estate and insurance.

Mr. RICE. That is a full-time job?

Mr. FLORER. Yes, sir. I give considerable time to this work, too.

Mr. RICE. Tell us about the situation down in Kenton County.

You might, for the benefit of the newspapermen and spectators, tell us the distinction between Kenton and Campbell Counties and the geographic set-up in connection with Cincinnati, so we get a picture of the area.

Mr. FLORER. They are adjoining counties, divided by the Licking River.

Mr. RICE. They are south of the Ohio River?

Mr. FLORER. South of Cincinnati, south of the Ohio River. Kenton County is on the west side of the Licking and Campbell is on the east side.

Mr. RICE. If you leave Cincinnati and go across the bridge and turn right, you are in Kenton?

Mr. FLORER. You go across two bridges into Kenton County and two bridges into Campbell.

Mr. RICE. You turn right into Kenton and left into Campbell? They are both river towns?

Mr. FLORER. Yes.

Mr. RICE. You are in Kenton County, which is to the right, as you go south?

Mr. FLORER. Yes. You go over a suspension bridge.

Mr. RICE. What is the main town in Kenton?

Mr. FLORER. Covington.

Mr. RICE. Over in Campbell it is?

Mr. FLORER. Newport.

Mr. RICE. You have grand juries from time to time down in Kenton, do you not?

Mr. FLORER. Yes, sir.

Mr. RICE. How often do they run?

Mr. FLORER. Three times a year.

Mr. RICE. Three times a year—January, May, and September?

Mr. FLORER. Yes; January, May, and September.

Mr. RICE. What happens when there is a grand jury in session? What happens with respect to gambling and vice? Do you know?

Mr. FLORER. Well, for years the report was always made that there was no gambling in Kenton County. That was our grand jury report. Following the Howard trial, that generally was not said, because it was at that time that gambling operations were admitted and no one denied them any more. As far as the grand jury is concerned, there is very little done about gambling.

Mr. RICE. I do not quite follow you. Howard was a former county prosecutor?

Mr. FLORER. He was a commonwealth attorney. In 1947 we went to the United States Federal court with a petition to disbar Mr.

Howard for nonfeasance and misfeasance in office. He had been prosecutor for 20 years.

Mr. RICE. In other words, he was not doing his duty?

Mr. FLORES. He was not doing his duty. In that case he was disbarred in the Federal court. However, he died before the appeal got through the United States Court of Appeals and the decision was reversed as if nothing happened, because you cannot strike a man's name from the record who has passed on.

Mr. RICE. During the time that the grand jurors are not in session, I take it that they run about a month's time each time, three times a year?

Mr. FLORES. Nine days.

Mr. RICE. So for 27 days out of the year they have a shut-down?

Mr. FLORES. That is the custom.

Mr. RICE. How about the rest of the year?

Mr. FLORES. Wide open.

Mr. RICE. It is wide open? When you say "wide open," tell us what you mean by that. Do you mind telling us what you mean by that? We are a little bit strange about northern Kentucky.

Mr. FLORES. It means that any stranger can walk into any of these large casinos and gamble on anything he wants to gamble—race horses, boards.

Mr. RICE. You say they have, in a casino, race-horse gambling?

Mr. FLORES. Oh, yes.

Mr. RICE. That would be in the afternoon?

Mr. FLORES. Yes.

Mr. RICE. They would have a blackboard and regular horse room with wire service and announcements of the running of the races?

Mr. FLORES. That is true. Loud-speaker systems. Then they have other forms of gambling, too.

Mr. RICE. How about at night? What type of games?

Mr. FLORES. That would be craps and roulette and whatever else they have.

Mr. RICE. In these places, you say they are wide open and any stranger can walk in off the street. They do not have to have a card or anything like that?

Mr. FLORES. Things are a little different right now. But it has been wide open. When I mean "wide open," there is nothing to hinder anyone from going in and gambling on almost anything he wants to gamble on.

Mr. RICE. Just as if it wasn't against the law?

Mr. FLORES. Oh, yes.

Mr. RICE. Was it advertised in the papers out there? Do these places advertise?

Mr. FLORES. They advertise their food, but I haven't noticed their advertising their gambling.

Mr. RICE. What are some of these places you are talking about, Mr. Flores?

Mr. FLORES. 514 Club, Kentucky Club, Lookout House.

Mr. RICE. The 514 is in Kenton County?

Mr. FLORES. Yes.

Mr. RICE. Is it in the city of Covington?

Mr. FLORES. Yes.

Mr. RICE. How about Kentucky?

MR. FLORES. The Kentucky Club is in Covington.

MR. RICE. That is in the city of Covington as well as in the county?

MR. FLORES. That is true.

MR. RICE. What was the next one?

MR. FLORES. The Lookout House is in the county.

MR. RICE. That is not in the city?

MR. FLORES. That is not.

MR. RICE. That is out on Dixie Highway?

MR. FLORES. Yes.

MR. RICE. How about the Kenton Club?

MR. FLORES. Yes. There is the Press Club.

MR. RICE. Is the Kenton Club in the city?

MR. FLORES. Yes. The Press Club is in the city. The Golden Horseshoe is in the city. The Turf Club is in Latonia.

MR. RICE. Are those all in Covington?

MR. FLORES. Those are in Covington.

MR. RICE. Lookout is the only one you mentioned that is out in the county and not in the city?

MR. FLORES. That is right. That is the big operation in the county.

MR. RICE. If you know, who is said to be the operator of the Lookout House, or the operators?

MR. FLORES. James Brink is considered the operator of the Lookout House.

MR. RICE. Wasn't that known as a syndicated operation? Isn't that the big one?

MR. FLORES. That is true.

MR. RICE. That is the Cleveland syndicate?

MR. FLORES. I suppose it is.

MR. RICE. Of six or ten men who ran that? I think there is testimony in the record, Mr. Chairman, of the operators of the Lookout Club.

MR. FLORES. In the Howard trial we had Mr. Brink on the stand and he gave us the names of the syndicate members at that time, which we have a transcript of. If you desire to look that over and see just whom he named in there as the Northern Kentucky Amusement Co.—

MR. RICE. You mentioned handbooks and dice games, roulettes and things like that. How about slot machines?

MR. FLORES. The slot machines are prevalent all over the county. At the present time they are not there. However, for years and years, slot machines were in even delicatessens and the United States Revenue Department caused a \$100 tax to be paid upon slot machines, and those records are available at the local office of the Revenue Department. Annually those records are obtained by the press and published.

MR. RICE. They print a list of the names of the licensees or the ones who have paid the tax?

MR. FLORES. The ones who have paid the tax.

MR. RICE. And they print those in the paper?

MR. FLORES. Right in the paper.

MR. RICE. About how many of those taxes are indicated annually, if you know?

MR. FLORES. I believe there are about six or seven hundred taxes paid. We do not know how many slot machines.

Mr. RICE. That doesn't indicate how many machines, because one tax can cover a number of machines.

Mr. FLORER. I suppose one receipt would do that. I do not know just how they operate that, but this one report has it that there has been 1,500 in the county at one time.

Mr. RICE. Those were against the law, weren't they?

Mr. FLORER. Definitely.

Mr. RICE. How does the law enforcement people act to you people and to the public? How have they acted for the operation of these things and the publishing in the papers?

Mr. FLORER. I would like to tell you some of the things that we have done to try to get them to do something about it.

Mr. RICE. We would be interested in that.

Mr. FLORER. We began our campaign to get law enforcement as far back as 1946. That was when we started. Not long after that—which was not long after our organization was formed—the ministers of all the churches, on January 17, 1947, spoke on the subject of gambling in the community and the newspapers carried it widely. Gambling was stressed.

Mr. RICE. When you say, "was stressed," were they for or against it?

Mr. FLORER. Oh, yes; they were trying to point up the widespread gambling conditions and make it public so that the people would realize what is going on.

Mr. RICE. Pointing out the evils of it then?

Mr. FLORER. That is right. For years and years this thing just mushroomed without much being said about it, and it was at this time that we began to call attention of the people to see just what was taking place in the community.

Mr. RICE. Did you people find that those conditions affected the county adversely or were they beneficial? What did the grocerymen tell you about it?

Mr. FLORER. It was interesting to hear the things that were told us as a result of getting things closed down for a while. One groceryman told me that for the first time some grocery bills had been paid that had never been paid before. On the whole, gambling in Kentucky in Kenton County has caused a lot of stress—distress, I might say. A larger percentage of the cases that come before the court, the juvenile court, the county court, I have been told, a large percentage of the distress there, can be attributed to gambling conditions. The judge told me that himself while speaking to a group of ministers just last Sunday.

Mr. RICE. What did he have to say?

Mr. FLORER. How shocking it was the number of cases to come before him for nonsupport and domestic trouble that can be attributed to the gambling situation, where husbands lose their pay checks in slot machines or race horses or something like that.

Mr. RICE. In other words, the gambling losses were contributing to the breakdown of the family?

Mr. FLORER. True.

Mr. RICE. Did he give you any figures or percentages of the number of nonsupport cases that he said were due to gambling losses in the county?

Mr. FLORES. He gave us a figure of 80 percent of these cases as due to gambling and excessive drinking, alcoholism. He did not break them down. That is pretty much something that goes hand in hand.

Mr. RICE. At least you had an impression that a large percentage was due to gambling?

Mr. FLORES. On May 20, 1947, we testified before the grand jury ourselves to ask them to do something about it. We offered specific information.

Mr. RICE. They agreed to testify about actual gambling in the clubs?

Mr. FLORES. Yes, sir. Reverend Conley, Reverend Morrell, Reverend Wilbur, and myself appeared before the May grand jury.

Mr. RICE. What year was that?

Mr. FLORES. 1947. That was in June 1947 when Judge Goodenough laid down some new rules. He called them new rules.

Mr. RICE. Who is Judge Goodenough?

Mr. FLORES. He is the judge of the Kenton circuit court.

Mr. RICE. These new rules were supposed to—Is he the man who charges the grand jury?

Mr. FLORES. Yes, sir.

He was going to see that all the slot-machine cases brought before him were tried on a felony charge and that they would go to jail. He just made that very plain.

Mr. RICE. Before you leave that, I take it then there is a distinction in the Kentucky statute under which there would be an option so that the prosecutor could try a case either as a felony—

Mr. FLORES. True.

Mr. RICE (continuing). Or as a misdemeanor?

Mr. FLORES. Yes, sir. Setting up and operating is a felony. The misdemeanor is to permit gambling on the premises. For years prior to the Howard trial these slot-machine cases were brought in on the felony charge of setting and operating. On the recommendation of the commonwealth attorney they were allowed to plead guilty and reduced the charges to misdemeanor and paid the \$200 standard fine.

Mr. RICE. The license fee?

Mr. FLORES. The fee.

Mr. RICE. What is the penalty on a felony case?

Mr. FLORES. That is a stiff penalty. That has a jail sentence.

Mr. RICE. Mandatory jail sentence?

Mr. FLORES. My impression is it is 1 to 3 years.

Mr. RICE. We have a copy of the statute which indicates there is a mandatory jail sentence.

Mr. FLORES. I believe you lose your citizenship.

Mr. RICE. They lose the right to hold office, public office.

Mr. FLORES. The rules of the court with regard to slot machines were never enforced.

Mr. RICE. Before you leave that, I have here the statute with regard to gambling. It says that the operation of gambling machines as a game or contrivance calls for confinement in the penitentiary for not less than 1 or more than 3 years. In addition, the person convicted shall be deemed infamous after the conviction and he is disqualified from exercising the right of suffrage and from holding any public office of trust or honor. That is a stiff sentence.

Mr. FLORES. I personally feel that the statute ought to be revised to give wider degrees. That statute needs to be improved. You get a person before a jury and it is just like throwing the book at him, on the first offense. All other laws have degrees which work better.

Mr. RICE. Now, then, you started moving along there in 1947. Then what happened? What happened after you became aware that the syndicate had moved in?

Mr. FLORES. We were aware all the time that this was a syndicate operation. It had to be. In February 1948 we began to hammer at conditions again strongly. Then we ran into some other affairs that took our attention. There was a wave of selling liquor to juveniles. Some bad situations developed.

Mr. RICE. Before you go into that, under the so-called new rules, which were called for by Judge Goodenough, as I understand it, they were to invoke the felony penalty. Did they ever do that?

Mr. FLORES. Not to my knowledge.

Mr. RICE. Did you check into that?

Mr. FLORES. I checked into that and the only case that I can find on record where that has been invoked was some time in 1947 in Winchester, Ky. There has never been a felony conviction to my knowledge on slot machines or gambling in Kenton County.

Mr. RICE. At least not in Kenton County?

Mr. FLORES. That is true.

Mr. RICE. So the new rules never did go into effect?

Mr. FLORES. No.

Mr. RICE. Because we assume the gambling continued in 1947 and 1948. I think I was out there myself.

Mr. FLORES. It was public knowledge that they were operating.

Mr. RICE. So when you found the syndicate had moved in, these out-of-State people, the big operators, did they increase your campaign?

Mr. FLORES. Yes, sir; it did. On March 14—

Mr. RICE. Of what year?

Mr. FLORES (continuing). 1950, we invited the officials, all the law-enforcement officials, to a meeting—

Just prior to that the Reverend Morrell and I called on these officials personally to see if we could not appeal to them man to man to try to do something about this situation. The strange thing was that these officials never denied the fact that gambling existed. Our problem was to see where we could help them in getting a better community, free of this wide-open gambling. So we set up a dinner meeting with the officials.

Mr. RICE. How did you select officials with whom to meet, Mr. Flores?

Mr. FLORES. We just took all the law-enforcement officials. At that time James E. Quill was the Commonwealth attorney.

Mr. RICE. Who prosecutes the cases?

Mr. FLORES. That is true. We had Judge William Wehrman, the county judge. We had Sheriff Henry A. Berndt. He is the sheriff of Kenton County. We had the Covington chief of police, Al Schild. We had the Kenton County chief of police, Carl Mershon. We also invited Judge Goodenough to the meeting.

The CHAIRMAN. You mentioned the name of the other judge. I wonder whether you would explain the jurisdiction of the judges and

whether you had invited Judge Goodenough, which you are about to relate.

MR. FLORES. There is Judge Wehrman, who is judge of the Kenton County court. That handles the fiscal matters of the court. It also hears cases. It is not a court of record. Anything that deals with felony offenses are transferred or bound over to the grand jury and go into the circuit court. We have two branches of the circuit court. Those are the criminal division and the court of equity.

So we invited all these gentlemen to this meeting, including Judge Goodenough, but Judge Goodenough stated that he didn't think it was proper. His own words were, "No judge can with propriety engage in any discussion concerning matters which may come before him for decision."

We were not going to discuss matters to come before him for decision. We were going to discuss the gambling situation and how we could work together and cooperate to eliminate it.

We had that meeting and representatives of the daily press were there.

THE CHAIRMAN. It was a public meeting?

MR. FLORES. No, sir; it was not. We invited the press so the public would be aware of it. At that time there was Mr. Deters of the Times Star, Mr. Rankin of the Enquirer, and Mr. Carl Sanders of the Post. Then there were three ministers and three laymen, myself included.

At that meeting there was no denial about the gambling situation at all. It was a matter of trying to convince these fellows to do something about it. We discussed this thing for about 3 hours and finally they agreed to do something about it.

THE CHAIRMAN. Mr. Flores, can you be a little more specific? You state there was little or no denial of it.

MR. FLORES. That is right.

THE CHAIRMAN. That is negative, of course, and we wonder whether anything was said definitely as to the existence of gambling at the meeting.

MR. FLORES. We talked specifically about gambling and the officials did not deny that there was gambling.

It wasn't a question of our trying to prove to them that gambling existed in Kenton County.

THE CHAIRMAN. In a 3-hour meeting, I would assume much was said. I am wondering whether anything positive was said by the officials or any agreement expressed by them as to the existence of gambling, if such was done.

MR. FLORES. There was no dissent on the fact that there was gambling and at the end we came up with a statement to which everyone agreed. All the officials agreed that gambling was going to cease right then and there.

Here is the statement that they worked on and all agreed to. It was carried in the press and headlined in the papers that the edict had been handed down that gambling was to cease.

THE CHAIRMAN. What is the date of that?

MR. FLORES. March 14, 1950. Still it did not do any good.

THE CHAIRMAN. You say that statement was agreed upon by them?

MR. FLORES. Yes, sir.

The CHAIRMAN. What form did their agreement take? Did they sign it? Did they assent to it and authorize its publication, or just what was done?

Mr. FLORER. When it came to the point of drawing up the statement it was decided that it was very late and all agreed to it. Somebody made the remark, "I see no reason why we have to sign it. We are all agreeing to it. You are all in the presence of each other."

It was a very amicable meeting. We thought right then that a new day was coming. So there was no signing of this, but no one will deny that this is the statement.

Mr. CHAIRMAN. It was then published in the newspapers?

Mr. FLORER. Yes.

The CHAIRMAN. How long afterward?

Mr. FLORER. The next day.

The CHAIRMAN. Did it receive wide publicity?

Mr. FLORER. Wide publicity.

The CHAIRMAN. Following that, was there any exception taken by any of the officials?

Mr. FLORER. None whatever.

The CHAIRMAN. So there was no objection raised and apparently you felt it met with the approval of everybody present?

Mr. FLORER. Yes, sir.

Mr. RICE. That meeting took place in March of 1950?

Mr. FLORER. Yes, sir.

Mr. RICE. And the upshot of it was that there was an agreement, or at least a lip-service agreement, that the laws would be enforced from there on out?

Mr. FLORER. Yes, sir.

Mr. RICE. Was that reduced to writing?

Mr. FLORER. Yes, sir; this is it. Here is where they agreed to enforce the law.

Mr. RICE. Read us a part in there where they agreed to do that.

Mr. FLORER (reading):

We who have met and conferred concerning commercialized organized gambling and law enforcement conditions in Kentucky agree to cooperate fullheartedly in the enforcement of the law. We agree that commercial organized gambling must cease throughout the country immediately.

Shall I keep on reading?

Mr. RICE. That will be sufficient to indicate that they did agree to enforce the law. That was in March.

I notice here that in September, 1950, some 6 or 8 months after that, there was an article in the Kentucky Times Star, Cincinnati edition, of Monday, September 11, which indicates that Covington leads the State in the number of slot-machine permits that Covington people had obtained. Covington has 163 permits so far this year, that was 1950. They go on to list the individuals in Covington having the permits, 163 of them, with their names and addresses as of May 1950.

Before I leave that, in connection with it, it is interesting to note that at one Dixie Highway spot in Kenton County as much as \$5,000 was paid for the operation of 50 slot machines ranging from the nickel variety to those played with silver dollars. This is all in 1950.

Mr. FLORES. Later on we offered that in evidence to the grand jury.

Mr. RICE. Do you know what place that is that they are talking about?

Mr. FLORES. Everyone assumed that is the Lookout House, since that is the only one out there.

Mr. RICE. Mr. Chairman, I think we would like to have the agreement as an exhibit, the agreement of March 1950.

The CHAIRMAN. It will be admitted and marked in evidence.

(The agreement referred to was marked "Exhibit No. 7," and appears in the appendix on p. 228.)

Mr. RICE. And the newspaper article including the list of 163 slot-machine taxpayers, in September, as part of the record.

(The newspaper article referred to was marked "Exhibit No. 8," and appears in the appendix on p. 229.)

Mr. RICE. In addition we have the report of the Interstate and Foreign Commerce Committee, issued in May of 1950, indicating that there were wire service racing news tickers in about 100 places in Covington, in abundance in the Covington area. I do not know whether we have the count here, but I believe it is a little over a hundred. It is exactly 111 news service tickers in Covington. Is that correct?

Mr. FLORES. I think the record will bear that out. I wouldn't have personal knowledge on that, but everyone opens with a wire in Covington. That is part of the syndicate operation.

Mr. RICE. I show you the list and ask you to see if you recognize any of them.

Mr. FLORES. You want me to recognize some of these?

Mr. RICE. Read some of these places and tell us what they are doing now.

Mr. FLORES. Here is E. Carr, 627 Scott Street. That is the Kentucky Club.

These are listed according to the names of the individuals. We know them more by the names of the places.

Here is J. Kappis, 514 Madison. That is the 514 Club.

Mr. RICE. Was that list published in the papers out there?

Mr. FLORES. This list?

Mr. RICE. Yes.

Mr. FLORES. No, sir; I do not think it was.

Mr. RICE. Generally throughout the country at the time that report was issued, the areas picked that up and printed it.

All right, then, we have a picture that in March the law enforcement officials agreed to eliminate the gambling and in May a list of 111 ticker places was published and in September a listing of 163 slot machine tax permits was published.

Mr. FLORES. I can begin right after this parley we had with the officials and tell you that on May 5, 1950, after we realized our social action committee of the Kenton Protestant Association, Kenton County Protestant Association, realized nothing was being done, the ministers again united in a demand for law enforcement from the pulpit, and John J. Maloney, the city commissioner of Covington, demanded law enforcement.

On May 17, Reverend Morrell went before the grand jury and offered specific evidence to the grand jury, but they did not seem to want it.

Then it was on September 11, 1950, that the slot machine list was published. I might say that I do not like to give the impression that the Protestants are the only organization, the only ones, who are interested in law enforcement. The Catholic Messenger on September 11 also rapped the situation and has been doing it regularly.

Mr. RICE. Up until today. I take it, at least the people from your group stand ready and willing to give competent evidence as to the activities. For instance, didn't you just get a letter from Reverend Richardson?

Mr. FLORES. Yes.

Mr. RICE. What does he say in that letter?

Mr. FLORES. I might give you the build-up on that.

Mr. RICE. What year is this?

Mr. FLORES. 1951. On January 22, the chairman of the Social Action Committee of the Protestant Association, Reverend Albert J. Conely, wrote a letter to Judge Goodenough and Mr. Quill asking them—this letter is very important. It gives you some idea of what we are trying to do. It says to these gentlemen [reading]:

In light of all recent happenings and proceedings concerning gambling in this community we strongly urge that you call for a full scale grand jury investigation of gambling activities in Kenton County. This would be the interrogation of all law enforcement agencies and their entire personnel by the grand jury which is now in session.

We are enclosing herewith the September 11, 1950, edition of the Kentucky Times Star which carries a list of persons and places in Kenton County who paid the Federal tax on one or more slot machines.

Mr. RICE. Is that the list here?

Mr. FLORES. That is true.

This alone should be sufficient information to warrant such action in demanding a grand jury investigation.

Furthermore, if you will refer to the records of your court you will find in Order Book 91, pages 211 and 212, an order which permanently and perpetually enjoins and restrains any form of gambling on the premises now occupied by the Lookout House on the Dixie Highway. We request that you inform us as to who is responsible for enforcing this injunction.

Mr. RICE. So you have had a permanent injunction on record there?

Mr. FLORES. Since 1939.

Mr. RICE. Restraining operations at the Lookout House since 1939. That was George Northcott's injunction?

Mr. FLORES. Yes, sir.

Mr. RICE. We have a copy here which describes the Lookout House in Kenton County, and names the individuals who at that time were defendants—James Brink, John Rigney, Ed Kerr, and others.

Mr. FLORES. Yes, sir.

Mr. RICE. That injunction, so far as you know, is still in force and effect there?

Mr. FLORES. It still is.

Mr. RICE. What reply did they make to you in connection with that, Mr. Flores?

Mr. FLORES. Judge Goodenough called me and told me that he and Mr. Quill had talked the matter over.

Mr. RICE. That is the Commonwealth attorney?

Mr. FLORES. Yes.

They agreed that it was the commonwealth attorney's duty to enforce that injunction.

Mr. RICE. Did you get a reply from Mr. Quill?

Mr. FLORES. We never got a reply from Mr. Quill.

Mr. RICE. What did they agree that it was?

Mr. FLORES. They agreed it was Mr. Quill's duty, the Commonwealth attorney's duty, to enforce that injunction. Mr. Quill called me up and practically said the same thing. I asked Mr. Quill to give it to me in writing. I wanted to have something down so I could take it before the committee. The only thing we got in writing was, "Come down to my office and I will be glad to talk to you."

So we were unable to get anything in writing.

Mr. RICE. Did you go down to talk to him?

Mr. FLORES. No; we did not. The grand jury went into session on January 24 following that. That was when two members of our social action committee went before the grand jury to give them some information about the situation. All I might point out that they always would say, "We don't have specific information." They evidently wanted the name, the address, the place, and the time.

Being novices in the business of trying this thing out, we would try to say, "You gentlemen should look it up and get the specific evidence."

But now we realize that it is up to us. So on January 24, Reverend Darrell C. Richardson and Reverend Albert J. Conley went before the grand jury.

I have something in Reverend Richardson's handwriting about the statement he offered to make to the grand jury.

Mr. RICE. He is making that today?

Mr. FLORES. That is right.

Mr. RICE. That is a current letter?

Mr. FLORES. Yes.

Mr. RICE. Read that, please.

Mr. FLORES (reading):

On January 29, 1951, I received a subpoena to appear before the grand jury of the circuit court of Kenton County. This subpoena, no doubt, resulted from my part in a county-wide movement to expose the taverns and bars which were exploiting youth and selling intoxicants to minors. This movement has had considerable coverage in the local papers and had aroused public opinion against the lack of law enforcement in the county.

I made a personal investigation of about three dozen places in Kenton County and found an utter disregard of law, which prohibited liquor sales to minors. I spent 55 minutes testifying before the grand jury. I told them in detail about dozens of bars, taverns, and cafes that were deliberately seeking teen-age trade and selling intoxicants to minors in direct violation of the law.

I also read to them an editorial in the October 31, 1950, Kentucky Post, which brought to public attention the investigations of young Covington businessmen who, in a single day, found 20 taverns violating the law.

I told the grand jury of seeing slot machines and other gambling in practically all cafes and bars I visited. I mentioned names and places.

Mr. RICE. He said he had seen them himself?

Mr. FLORES. Yes. [Reading:]

I mentioned names and places. I quoted many dozens of experiences related to me by young people themselves. I offered documentary evidence of this. But the grand jury did not seem interested in having copies. It seemed to me there was a definite significance in the fact that after I offered the names and

places and further offered to leave copies of my report with the grand jury, that the Commonwealth attorney and the grand jury did not desire me to name names or places nor did they request copies of specific evidence and charges which I had made, in my possession.

If the circuit judge, Commonwealth attorney, and grand jury had been sincerely interested in law enforcement, they would have found enough facts in the evidence I furnished them to have brought dozens of indictments.

Mr. RICE. Along that line, were any indictments made by that grand jury?

Mr. FLOERER. Were any indictments brought in by that grand jury in connection with gambling? Was anyone prosecuted as a result of that testimony?

Mr. FLOERER. I might refresh my memory here.

The grand jury reported on February 2, but I have nothing here to show that anything was done along this line at all. There may have been a few indictments, the usual indictments.

Mr. RICE. You take it from the fact that the Reverend Richardson is writing that letter as of July, 1951, that he did not feel appropriate action was taken?

Mr. FLOERER. No. There was no action at all taken along the lines we were trying to get action.

Mr. RICE. How long is the statute of limitations on gambling, do you know? In other words, for how far back can they pick up a case and prosecute?

Mr. FLOERER. Five years on felonies and 1 year on misdemeanors.

Mr. RICE. Yes, I think it is. I see here that a section of the Kentucky statute of limitations states that prosecution shall be commenced within 5 years after the commission of the offense or the cause of action arose. So any testimony going back 5 years could conceivably result in a prosecution. Is that your interpretation?

Mr. FLOERER. Yes, sir.

I might say that following this, on February 8, after the grand jury reported, all the evidence was that gambling was opening up again. So the social action committee of our Protestant Association again made another move. They sent a telegram to James E. Quill, Commonwealth attorney, Judge Joseph P. Goodenough, Henry A. Berndt, the sheriff, and Chief Al Schild, Covington police, as well as Carl Mershon, chief of the county police. It stated:

It is reported on good authority that gambling places in Covington and Kenton County are scheduled to resume operations. We want to know if you, a law-enforcement official, sworn to duty, are going to permit this to happen. Furthermore, we would appreciate an official answer to our letter of January 23.

All that we have done has been of no avail.

Mr. RICE. It has been ignored, in other words?

Mr. FLOERER. Ignored.

Mr. RICE. All right, sir. We have a picture of persons ready, willing, and able to testify, apparently able to give good concrete evidence of operations going on almost up until the present day, certainly within the statutory period, but no evidence of any prosecutions of any sort, although there is at least a group there interested in bringing that about.

Has there been any indication of the breakdown of law enforcement or conniving of law enforcement in connection with some of these operations: for instance, tips on prospective raids to build up statistics for police action? Has that come to your attention?

Mr. FLORES. There was public attention on one incident not very long ago when a raid was made. A warrant was sworn out for the Kentucky Club.

Mr. RICE. That is in the city of Covington?

Mr. FLORES. Yes.

Mr. RICE. What type of club is that?

Mr. FLORES. That is the gambling end. The Kentucky Club is the casino.

Mr. RICE. That is the one you mentioned with horse wire in there?

Mr. FLORES. Yes. That is the big casino.

Mr. RICE. All right, go ahead.

Mr. FLORES. Attorney Stewart Wagner obtained a warrant for the arrest of Walsh.

Mr. RICE. The operator Walsh. It was a search warrant and an arrest warrant?

Mr. FLORES. Yes.

Here was the way it worked. His client, Harlow, had been there. He had witnessed gambling activities at the 627 Club. So he had asked Stewart Wagner to get the warrant. So he went to Judge Bensinger's office in the Covington Trust Building, two squares from the Kentucky Club and obtained a warrant from the judge. Then Mr. Wagner wanted to accompany the Officer Ireland.

Mr. RICE. The judge called in and gave the warrant to an officer there?

Mr. FLORES. Yes. They called the police and they sent Officer Ireland to Judge Bensinger's business office. Then something came out there that we had really never known before. It indicates something else in the whole sinister operation, namely, that warrants, search warrants, must first be registered at the city hall in the police department and then the rule is that they must be served by the detective bureau. In other words, the man who had the warrant, the officer who had the warrant, could not go two squares to serve. He had to first go to city hall, which was a matter of five or six squares, to get it registered, and then go to serve it.

Mr. RICE. Then Officer Ireland had the warrant and said he had to go to the police headquarters and record it first? Did Mr. Wagner go along with him?

Mr. FLORES. Yes, sir.

Mr. RICE. Then what happened?

Mr. FLORES. I am just repeating to you Mr. Wagner's story.

Mr. RICE. Yes. Go ahead.

Mr. FLORES. This is not personal knowledge.

Mr. RICE. He told you, didn't he?

Mr. FLORES. Yes, sir. In fact, I made notes while he was telling me this. I have them in my brief case. I have the time of the whole thing, where he went down to the police department, and he tells me there was considerable confusion about this thing. When they saw this warrant for the Kentucky Club, there was a great deal of confusion. Then one of the officers, the chief of detectives, Ceitre, told him not to leave until he came back.

Mr. RICE. Who told Ceitre?

Mr. FLORES. Ceitre told Ireland, "Don't you leave here until I come back."

Mr. RICE. Yes, sir.

Mr. FLORES. Then Wagner, the attorney, saw Ceitre and Ireland leave by another door, and the record shows there was a considerable lapse of time from the time this warrant was issued until the time he could get it served.

Mr. RICE. Anybody know where Ceitre and Ireland went during that time?

Mr. FLORES. No.

Mr. RICE. They just went out for a while.

Mr. FLORES. Then they left.

Mr. RICE. Then they came back and picked up Wagner?

Mr. FLORES. Yes.

In the meantime, Hallow was at the 627 Club.

Mr. RICE. He was the complainant?

Mr. FLORES. Yes.

Mr. RICE. We have the complainant in the gambling place. No one knows he is there?

Mr. FLORES. That is right.

Mr. RICE. What happened then in the place?

Mr. FLORES. He heard the announcement made that they were going to be raided.

So everybody was told they would have to get out and the place would have to be closed up.

So they put the machine in the washroom, the slot machines. This Hallow saw them put the slot machines in the washroom.

Mr. RICE. Yes.

Mr. FLORES. So finally they came up to make the raid.

Mr. RICE. All the customers had left?

Mr. FLORES. All the customers were standing on the outside. The officers went in and stayed in for about 15 minutes and said, "We didn't see a thing, there is not a thing going on in there."

Mr. RICE. Didn't see anything?

Mr. FLORES. No.

Mr. RICE. How long ago was that, Mr. Flores?

Mr. FLORES. February 26, 1951.

Mr. RICE. That has happened, I think, since the Cleveland hearings of the Senate Crime Committee which were held the latter part of January, which brought out the conditions down in that county?

Mr. FLORES. That is true.

Senator KEFAUVER. What was this date?

Mr. FLORES. February 26, 1951.

Senator KEFAUVER. The Cleveland hearings were the 17th, 18th, and 19th, in Cleveland.

The CHAIRMAN. Of January or February?

Senator KEFAUVER. Of January 1951.

Mr. FLORES. This newspaper carried the description of the matter and it gave the time and factually what happened.

The CHAIRMAN. Mr. Flores, from and after February, what has been the situation generally? Has there been any appreciable change and have conditions during the intervening period been similar to those which you described in the past?

Mr. FLORES. Right after the Cleveland hearing there was considerable caution in the operation and the slot machines, I believe, were

taken out or covered up. Then things seemed to die away. It looked like the Kefauver committee was finished with the thing and things began to open up again.

The CHAIRMAN. When did you observe that? Do you recall about the date?

Mr. FLORER. Let's see.

The CHAIRMAN. Just the approximate date.

Mr. FLORER. They were operating before the May grand jury because the headlines after the grand jury recess said:

Gambling again seen in new jury strategy. Slots must stay out, Kenton jurors say.

They had operated up to the grand jury and closed for the grand jury and then opened up again.

Senator KEFAUVER. Didn't they send out a card saying they were going to reopen?

Mr. FLORER. That was in Campbell County, referring, I believe, to the Beverly Hills.

Senator KEFAUVER. What is the name of this one in Kenton County?

Mr. FLORER. The Kentucky Club and others.

Senator KEFAUVER. Is it generally known, Mr. Florer, that this is an out-of-State proposition, owned by a bunch of out-of-State people?

Mr. FLORER. We have always been told that this was a local operation, but this committee has proven that it was not a local operation.

Senator KEFAUVER. Wasn't it publicized that it was shown in the Cleveland hearings that this operation was owned by Dalitz, Rothkopf, Kleinman, Polizzi, McGinty, Croft, Potter, Myer, Schroeder, and Brink? Brink was the only local owner of this club. Most of these people live in Ohio, don't they? They operate in Ohio.

Mr. FLORER. Yes, sir.

Senator KEFAUVER. They also operate at Desert Inn in Las Vegas?

Mr. FLORER. Yes, sir.

Senator KEFAUVER. They have some operations in Florida.

Mr. FLORER. Mr. Brink lives in Kenton County.

Senator KEFAUVER. I believe Mr. Schroeder also lives there, doesn't he?

Mr. FLORER. I don't know.

Senator KEFAUVER. Dalitz, Rothkopf, Kleinman, Polizzi, and McGinty—those are the old Mayfield Road Gang.

Mr. FLORER. Just recently we had some warnings from the press that some members of the Purple Gang were operating in our vicinity. We haven't been able to check that up.

Senator KEFAUVER. The secretary, Mr. Giesey, was an auditor in Cleveland, Ohio. He is the one who keeps all the records. He is the one who keeps the books and records.

The CHAIRMAN. Mr. Florer, following the situation in June, in the spring, have you knowledge in the recent past as to what has been the situation concerning gambling?

Mr. FLORER. Right now, Senator, things are tight. I doubt if you could make a bet except maybe off the cuff. I suppose there will always be that kind. But, as far as I know, none of the casinos are in operation.

The CHAIRMAN. How long has that situation prevailed?

Mr. FLORER. Just recently. That is just a new development here. However, we did have rumors that the Lookout House, you could get in there if you had the proper identification, but we did not go to the extent of trying to get in. We have tried to follow up rumors and tried to be fair with all these officials, and it is not our desire to persecute them or to feel ill will toward them personally. We just want a good community and we have tried our best to work with them. I think they all understand it is a matter of principle and we are not gunning for any individual.

Mr. RICE. You have received considerable publicity as a result of your efforts and the efforts of your group in fighting the vice condition there. As a result of that, have you yourself ever been threatened with bodily harm or otherwise been the victim of any campaign against you or against your group that you would like to mention?

Mr. FLORER. Of course, 1947 was a very hectic year, and it was during that year that I received—that was when we were trying Mr. Howard and it was a long-drawn-out affair—we had subpoenaed many underworld characters. A lot of heat and tension was aroused and I was receiving many threats over the telephone to the point where it got so bad that they would call me up at night. They would sound like crackpots around saloons. It sounded to me like they might have been drinking a little bit and they thought they should do something about it, "They cannot do that to these fellows." I never did attribute those incidents to any of the major men that we talked to. But I had these calls where they were going to get me. They were going to run me over. I was being trailed. They were going to get my youngster. Our house was going to be burned down, and all those things.

Then it was not too long ago that a very nasty incident happened where five whisky bottles full of bad stuff and also a lot of—I don't know how to call—were thrown upon my porch, thrown into my door and just missed coming into my living room. I never bothered to say anything about it. I believe this is the first time I have ever even mentioned it, because I attribute those things to overzealous crackpots.

The CHAIRMAN. When was that most recent incident?

Mr. FLORER. Just about 3 or 4 months ago.

The CHAIRMAN. This present year?

Mr. FLORER. Yes. That happened twice.

One took place one week and one the other. I have not been bothered, on the whole.

In 1947, that was the year when we were new and they tried to intimidate us, but we have not been bothered at all since then. I feel complimented that they have not even tried to buy me out.

Mr. RICE. Along that line, have there ever been any offers to you to lay off?

Mr. FLORER. Not to me.

Mr. RICE. How about that hospital? What was the story on that, Mr. Florer?

Mr. FLORER. The Booth Hospital?

Mr. FLORER. Booth Hospital had a campaign, a building-fund drive, a couple of years ago. They were trying to raise \$175,000 and there was a contribution or a pledge made to Booth Hospital by what they call the Tavern Owners Association and \$52,000 was to be paid through the slot machines. We found this all out considerably later.

\$1,500 a month was to be paid on that \$52,000 pledge. Of course, it had no connection with our organization. We had nothing to do with it. However, we did condemn the action severely. But here is what happened with the thing.

We were putting our pressure on for law enforcement. The syndicate tried to get the Booth Hospital to get us to lay off or they weren't going to pay the \$52,000.

Mr. RICE. So the syndicate was taking advantage evidently of the tavern operators?

Mr. FLORES. Yes. The tavern owners made the contribution. That was the way it was supposed to be. It looked then as if they wanted us to lay off.

Mr. RICE. Has there ever been another way of checking the syndicate, the out-of-State mob, with the local operators and connecting the two? Did they seem to operate with one another or cooperate with one another? You have 111 ticker services. Some would be local boards and some representatives of the out-of-State mob.

Mr. FLORES. I never went into the difference between the local and out-of-State, because they are evidently so entwined and so cooperative with each other, whatever the deal or set-up is, that all I am interested in is the effect that it is having on our situation.

Mr. RICE. The effect is it is a smooth-flowing operation without gang wars between local and out-of-town mobs. They are both able to arrange the accommodations?

Mr. FLORES. We have had no gang wars because the operation is a very smooth one and a very good one.

The CHAIRMAN. Just in that general connection, our own information is that for the past 2 years of 1948 and 1949, the gross receipts of these various operations were almost a million dollars. We are talking about the Lookout House. It was \$927,000 to be exact. The information is that the net income from it was three hundred and thirty-some-thousand dollars. The individual break-down showing that indicates that Jimmy Brink's wife got \$33,800. Then various incomes were paid to about 10 individuals, ranging from \$41,000 at the top down to \$10,000.

Senator KEFAUVER. That is net income, isn't it?

The CHAIRMAN. Yes; that is net income, the partnership distribution. Did you understand that was about the total of the take?

Mr. FLORES. Oh, we had larger figures than that. The middle figure is what has been published in the papers down there.

The CHAIRMAN. Over what period?

Mr. FLORES. Ten years ago. Of course, I would have no knowledge, that would be just common knowledge. That is our No. 1 industry in Covington, here is how it affects you. You talk about this economic situation, Mr. Rice.

Mr. RICE. Yes.

Mr. FLORES. I want to bring this out to you.

Mr. RICE. All right.

Mr. FLORES. There are two large corporations who were looking at Covington just recently.

Mr. RICE. For the purpose of locating there?

Mr. FLORES. Yes, sir. They came down and made a survey, and these two outfits would have employed a lot of people and make a great contribution in the way of large employment.

Mr. RICE. They would have hired hundreds of people?

Mr. FLORES. They would have hired hundreds of people, it was a large operation and a national operation. They refused to come to northern Kentucky because of the fact of the wide-open gambling situation, that it was not conducive to good labor relations, and we lost those two. They would have come to our vicinity. So—

Mr. RICE. Did they cite their reasons?

Mr. FLORES. Definitely.

Mr. RICE. Did they say that it would be due to the loss of employed time?

Mr. FLORES. The loss of earnings, and of gambling.

Mr. RICE. And broken homes?

Mr. FLORES. And they said they had enough trouble with keeping their business, well, operating, with good labor, but when all these things were in their minds, they realized that it was too difficult.

So it is also affecting the economic life of the community.

The CHAIRMAN. Just in that connection, Mr. Flores, having referred to these figures, the partnership distribution which, of course, on the books would show about a million dollars, with the net distribution of about \$330,000, and with those different apportionments as I mentioned, ranging from \$41,000 down during that time, was the injunction outstanding?

Mr. FLORES. Since 1939. Since 1939 that injunction has been on the Lookout House. And there have been many instances where it should have been enforced, where cases have been brought before the courts to show that that injunction should be enforced.

The CHAIRMAN. Senator Kefauver, do you have any questions?

Senator KEFAUVER. Is the Colony Club in that county?

Mr. FLORES. I don't think so; no. I don't recognize that name at all, Senator.

Senator KEFAUVER. We had testimony in Cleveland showing that the ownership of several of these clubs, and the operations of them, was by this Cleveland gang, that is, most of the ownerships—no; I guess the Colony Club is at Chesapeake, Ohio.

Mr. RICE. It is up in Ohio, Senator.

Senator KEFAUVER. That is right; but the same fellow, Sam Schroeder, is in it.

Mr. FLORES. Sam Schroeder, I believe, is connected with the Lookout House.

Senator KEFAUVER. Yes; and he also was connected with the Colony Club.

Mr. RICE. And he was also in the Beverly Hills Club.

Senator KEFAUVER. It looks as though there might be some resentment about the out-of-State mobsters coming in and taking a tremendous amount of money away from the home people.

Mr. FLORES. Resentment from whom?

Senator KEFAUVER. From the local people.

Mr. FLORES. Well, the people are resenting this. It has gotten to the point where they feel there is no recourse, really, and we are at a loss to know what to do, or the people are.

I am not speaking for myself. You can hear it from the man on the street, and he will tell you, they have said to us, first they would say, "Why don't you do something?" We have tried to do something, and finally we have done so many things, the idea is that you fellows are just bucking your heads against a stone wall with no cooperation from the law-enforcement officials, or any officials.

In fact, there has only been one public officeholder in our county that has made any attempt at law enforcement, and that is Mr. Moloney, the city commissioner.

Senator KEFAUVER. Do the people know that these fellows have substantial operations in Michigan, Ohio, and Kentucky, and that apparently very easily they raised a million and a half dollars to put into the Desert Inn, and that a big part of their money is coming out of the people in Kenton and Campbell Counties, Ky.? Do they know that?

Mr. FLORER. Those people who follow the situation are aware of the widespread connections. Really, it is so widespread that it is hard to know just whether they are connected with Cleveland, Detroit, Los Angeles, or Chicago. They do know that the tie-up is with the national outfit. It has already been proven that it is.

We cannot understand how the local situation develops, whether it is such harmony in the ranks over there, and we cannot determine just to what extent the local area profits. We do know that there is a 50-50 take on slot machines. That we have definite evidence of, that when a slot-machine collector comes around to the slot machines, he takes 50 percent and gives the other 50 percent to the tavern owner.

Senator KEFAUVER. The record shows how they are divided. All the papers would need to do would be to look at the record. It is in the record. That is how the partnership divides the profits of all of these clubs between the local people and the members of the larger syndicate.

Mr. FLORER. Will the record show that, how they are divided?

Senator KEFAUVER. Yes. Mr. Giesey, in testifying at Cleveland, gave a breakdown of how much each got, as I recall.

Mr. RICE. No, Senator; I don't believe it did.

Mr. FLORER. Is there any way in which the records would be available?

Senator KEFAUVER. Well, I have seen the records. I think Mr. Rice is going to bring that out today.

Mr. RICE. Yes, sir.

Senator KEFAUVER. Another thing that seems a little bit bad to me, and I am sure you have thought about it a great deal, too, and that is that when there is an occasional raid or an arrest, they probably get some poor little operator who is a front for this big syndicate.

Mr. FLORER. That is right.

Senator KEFAUVER. Is there any effort to get Kleinman, Tucker, McGinty, and Rothkopf?

Mr. FLORER. In our organization we have, of course, been attacking the local situation at the local level, and we have refused to become vigilantes and go around and pick up the little fellows:

We have been trying to hit at the big places, and these sporadic raids are always on little saloons, and things like that. We never see

very many cases of where they really—well, of course, the officials are absolutely refusing to go into the situation at all, and there is nothing that can be done about it.

The CHAIRMAN. Mr. Florer, throughout the entire period has any arrest been made of the big mobsters to whom reference has been made here this morning?

Mr. FLORER. As soon as Sheriff Berndt took office, he conducted a raid on the 627 Club, and I believe the Kenton Club. That was right after he took office, and we issued public praise of him, and we thought that here maybe we were going to have some semblance of law enforcement. That was right after he took office. We went down to talk to him about it.

Of course, I cannot say why he made those two raids when everything else was going on as usual, but we were greatly disappointed in the fact that the sheriff did not continue to raid the big places.

Senator KEFAUVER. Mr. Chairman.

The CHAIRMAN. Senator Kefauver.

Senator KEFAUVER. I think the record shows that Rothkopf and Kleinman, although they began operations in the rum-running days, did serve a short time, taking a rap on an income-tax case back in the early thirties. The man who made the case against them was this fellow Giesey and as soon as they got out of jail, they employed Giesey to be their auditor, and he has been acting as such since.

But as to the other members of the syndicate, Dalitz and Tucker and McGinty, the record, I believe, shows that they got arrested one time way back in the late twenties or thirties, but they never have been convicted of anything, although they flagrantly operate in about five or six States.

It would seem to me that with these operations going on in Kentucky, that there ought to be some conspiracy statute, so if you could get one person, then the others are partners in the enterprise, and—

Mr. FLORER. You mean the officials?

Senator KEFAUVER. Yes; the officials; and they get the money, and have been getting it for a long time.

Mr. FLORER. I believe that the officials are guilty right now of misfeasance and nonfeasance. There is no question about that.

Senator KEFAUVER. They are guilty, certainly, of conspiring with local people to operate, and they are operating. I cannot see any reason why, if you can establish the fact that they are operating, and there doesn't seem to be any doubt about that, they all admit it, why the big fellows should not be gotten, too.

For your information, Dalitz and Tucker testified before the committee at Los Angeles at that time, that they were resting over in Desert Inn, at Los Angeles they testified before the committee that there isn't any question about their operation. It would be a great public service if something could be done about those big-time operators. That is one of the biggest gangs in the United States, for your information.

Mr. FLORER. Well, we hope that the day will soon come when we can get somebody to enforce the law. We are at our rope's end in north Kentucky with the present officials. There is no doubt about that. Because we have exhausted all efforts now to get them to do something, except to take legal action against these officials, and

I suppose that rather than to give up the fight that would have to be the last act.

Senator KEFAUVER. I think you will find—and we should check to make sure that this is true—that on August 18, George S. Robinson, who at that time was associate counsel to the committee, August 18, 1950, that he probably wrote a letter to either the chief of police or someone, as to the ones who had racing wire service in Kenton County, or in the city of Covington, which list was taken from the report of the McFarland committee, because it was brought out in Cleveland that on that date, August 18, 1950, he did write a letter to the chief of police at Newport, Mr. Gugel, in which he listed all of the places that had wire service, and he asked the chief of police what he was going to do about it, and how come, and whether he was going to ask for a report about these operations.

That is set out on page 378 of the Cleveland hearings. Mr. Robinson never got any response to that letter. As I remember it, talking with him he said also that he had sent some law enforcement official in Covington or in Kenton County a similar list.

You don't know anything about that?

Mr. FLORER. I don't know anything about that. But, if it got the action that we were getting, there was nothing done about it. That shows you that we cannot get any law enforcement in Kenton County.

I will say this, that Judge Goodenough does charge the grand jury according to the law to investigate gambling, but for some reason there is no attempt made to get at the matter at all through our grand juries. Our grand juries are a great mystery to me. I cannot for the life of me understand how time after time and year after year we cannot come up with one grand jury that is willing to investigate and make a thorough and honest investigation.

But we have gotten all kinds of reports that are insults to the public intelligence, and the last grand jury report was, to my mind, an insult to public intelligence, because it was called a "noble report," whereas nothing actually was done about it, and the grand jury will come out, and instead of facts on matters, they come out with recommendations for legalized gambling. They say, "We think it ought to be legalized."

Senator KEFAUVER. And they have come out with critical remarks about this committee?

Mr. FLORER. This last report was very critical.

When the May grand jury recessed, there was some oral conversation between the judge and the jury. They were going to recess until June 25, they were not going to make their final report, and that conversation was very interesting.

When he asked how many of the grand jury thought that the handbooks ought to close up, too, only three of the grand jurors held up their hands. It was quite an unusual demonstration of conduct by a grand jury, and only three of them held up their hands.

So there is another problem. We cannot seem to get a grand jury to do anything. I don't know how far the control goes in Kenton County, but it is certainly well enough so that we can get nowhere.

The CHAIRMAN. Senator Hunt, do you have any questions?

Senator HUNT. No questions.

The CHAIRMAN. All right, Mr. Florer. We are very much obliged to you.

Thank you very much for coming and giving us the benefit of your information.

Mr. RICE. I wonder if we might retain this chronology.

Mr. FLORER. Yes, sir.

Mr. RICE. Thank you.

Mr. FLORER. I would like to express to you the sentiment of Kenton County for the thing you are doing in the Nation.

The CHAIRMAN. Thank you very much.

Senator KEFAUVER. Mr. Chairman, I think it ought to be said that, of course, the committee has known something about Mr. Florer for a long time, and he certainly deserves to be highly commended as a good citizen who, in the face of terrific odds, is trying to do something about a bad situation.

Mr. FLORER. Thank you, sir.

The CHAIRMAN. That certainly expresses our views.

Mr. FLORER. Thank you.

The CHAIRMAN. Mr. Moloney, please.

Mr. Moloney, we are swearing all witnesses. I suppose you have no objection.

Mr. MOLONEY. No.

The CHAIRMAN. Will you raise your right hand, please.

In the presence of the Almighty God, do you swear that your testimony shall be the truth, the whole truth and nothing but the truth?

Mr. MOLONEY. I do.

TESTIMONY OF JOHN J. MOLONEY, COMMISSIONER, CITY OF COVINGTON, KY.

The CHAIRMAN. Kindly give us your full name, please.

Mr. MOLONEY. John J. Moloney.

The CHAIRMAN. Mr. Moloney, what is your residence, please?

Mr. MOLONEY. 616 East Twenty-first Street, Covington, Ky.

The CHAIRMAN. For how long have you lived in Covington?

Mr. MOLONEY. I have lived in Kenton County and Covington all my life.

The CHAIRMAN. All your life?

Mr. MOLONEY. Yes.

The CHAIRMAN. And what is your business or profession?

Mr. MOLONEY. I am connected with the Chesapeake & Ohio Railroad, and am also commissioner in the city of Covington.

The CHAIRMAN. Commissioner?

Mr. MOLONEY. That is right.

The CHAIRMAN. How long have you been a commissioner in Covington?

Mr. MOLONEY. I took office January 1, 1950.

The CHAIRMAN. What year?

Mr. MOLONEY. 1950.

The CHAIRMAN. All right, sir. What is your position with the Chesapeake & Ohio?

Mr. MOLONEY. Yardmaster.

The CHAIRMAN. Yardmaster?

Mr. MOLONEY. Yes, sir.

The CHAIRMAN. At Covington?

Mr. MOLONEY. At Cincinnati.

The CHAIRMAN. At Cincinnati. But, I mean, you are living in Kentucky, are you not?

Mr. MOLONEY. Yes, sir.

The CHAIRMAN. All right, Mr. Rice, will you proceed, please.

Mr. RICE. You took office in January of 1950?

Mr. MOLONEY. That is true.

Mr. RICE. As a city commissioner in Covington?

Mr. MOLONEY. That is true.

Mr. RICE. How many commissioners are there, Mr. Moloney?

Mr. MOLONEY. There are four commissioners.

Mr. RICE. Four commissioners?

Mr. MOLONEY. Yes, sir.

Mr. RICE. Is there a city management form of government there, too?

Mr. MOLONEY. That is true.

Mr. RICE. The commissioners selecting the city manager?

Mr. MOLONEY. Yes, sir.

Mr. RICE. I take it, then, that the city commissioners more or less formulate the policy for the city?

Mr. MOLONEY. Well, the city commission is made up of the mayor, who is the chief executive officer of the city, and the city commission. The mayor is also presiding officer of the commission.

Mr. RICE. Then there are five?

Mr. MOLONEY. That is true.

Mr. RICE. All right, sir. We are interested in this profit-sharing plan that we have heard something about down there in Covington. Can you tell us a little bit about how you were approached on the profit-sharing plan, and what that is?

Mr. MOLONEY. The first time that I was approached on it, the only real direct approach I had, I had many approaches, but they were more or less nebulous and indirect, but the first approach I had was in February of 1950.

Mr. RICE. You took office in January?

Mr. MOLONEY. That is true. The first of January. This was probably in the middle of February. It was after a meeting of the commission. The commission meets on Thursday, so it had to be on a Thursday in February. I don't know the exact date.

I was approached by a man, and he asked to see me. It was in the press room after the meeting, and he asked to see me. We went out in the hall, and there were no witnesses. He told me of a profit sharing plan they had there, and I asked him what he meant by that. He said, "Some of the boys share their profits with the men in office," and he said they were willing to take me along with that.

I told him that I was not interested. He went on to explain that it was all right, that if I did not take it I would be blamed for it anyhow, so there was no sense in turning it down. I still insisted on not doing it.

The CHAIRMAN. Will you keep your voice up?

Mr. MOLONEY. Yes. And he said that he would be around any time I changed my mind. I told him I did not think I would, and the conversation ended there.

Mr. RICE. Well, now, you said this individual approached you. Was he an official, another official?

Mr. MOLONEY. Not in the city government, no.

Mr. RICE. You knew who it was, though, and you know now?

Mr. MOLONEY. Yes; I do.

Mr. RICE. Who was it?

Mr. MOLONEY. Tate Hageman.

Mr. RICE. Tate Hageman? How do you spell that?

Mr. MOLONEY. T-a-t-e H-a-g-e-m-a-n.

Mr. RICE. And you say he was another official?

Mr. MOLONEY. He is with the State alcoholic board, I believe.

Mr. RICE. What office does he hold?

Mr. MOLONEY. I think he is the State representative for Kenton County.

Mr. RICE. I see. And he said—what did he say about the boys?

Mr. MOLONEY. The boys, I assume he was referring to the gambling interests.

Mr. RICE. Yes. What did he say the boys were doing?

Mr. MOLONEY. Well, that is what he said, the boys in the gambling, I am pretty sure he made it specific that it was the gambling interests. I don't remember the exact wording.

Mr. RICE. That they had a profit sharing plan?

Mr. MOLONEY. That is true.

Mr. RICE. And in that plan were included the city officials?

Mr. MOLONEY. That is true.

Mr. RICE. And that it was about time you started participating in that?

Mr. MOLONEY. They were willing to take me into it.

Mr. RICE. You did not get down to talking facts and figures?

Mr. MOLONEY. No. I don't know how much it was to be. He never mentioned that.

Mr. RICE. But you got the impression that he was spokesman for a group?

Mr. MOLONEY. I would think so, yes. That was my impression.

Mr. RICE. Well, you immediately became incensed a little bit, and you didn't go into it?

Mr. MOLONEY. I don't know whether you have ever been offered anything of that sort, but I felt rather ashamed that a person would think I would take it, and I must say that I was not myself, or I might have found out how much there was in it, how much money would be involved, but I became angry then, and I was very desirous of cutting off the conversation.

Mr. RICE. You did tell at least one person later on that that conversation had taken place, didn't you?

Mr. MOLONEY. I told several, yes.

The CHAIRMAN. To whom did you report it, Mr. Moloney?

Mr. MOLONEY. I did not report it officially. It was with friends. One of them was Judge Benzinger, the police court judge.

The CHAIRMAN. But I mean, you did make it known to him shortly afterward?

Mr. MOLONEY. That is true, without any idea of any official action, of course, because I had no proof.

The CHAIRMAN. Thank you.

Mr. RICE. Well, so it might be clear to us, Mr. Moloney, normally it would appear that a racket operation would arrange protection from law-enforcement officers.

Mr. MOLONEY. That is right.

Mr. RICE. Now, you are a city commissioner?

Mr. MOLONEY. That is true.

Mr. RICE. And there was an effort made, or an effort being made to approach you to what they call "put the fix in" with you?

Mr. MOLONEY. Yes.

Mr. RICE. Why was that necessary? Why is that necessary in your town to arrange to have a city commissioner on the side of the racket interests?

Mr. MOLONEY. Well, the set-up of the city management form of government would probably answer that. The commission chooses a city manager.

Mr. RICE. Yes.

Mr. MOLONEY. He is the administrative officer of the city.

Mr. RICE. Yes.

Mr. MOLONEY. The city commission forms the policy. Any change in policy on the commission could likewise result in a change of policy enforcement.

Mr. RICE. And that would be felt all the way down the line?

Mr. MOLONEY. That is true.

Mr. RICE. How about the chief of police and law-enforcement officials, how are they picked?

Mr. MOLONEY. They are selected by the city manager.

Mr. RICE. Yes.

Mr. MOLONEY. And—

Mr. RICE. And the city commission controls the city manager?

Mr. MOLONEY. That is right.

Mr. RICE. So you could work from the top down?

Mr. MOLONEY. That is right.

Mr. RICE. I think that is clear.

Have you ever discussed cleaning the town up with your other commissioners or the mayor?

Mr. MOLONEY. Yes. Right after this happened, I did. I had read of a lot of things that were happening throughout the country in connection with this committee and their investigations, and there were a lot of newspaper reports, and it seemed to form a pattern that Covington fit right into.

So I was sure that we were part of that national—or we were part of that plan that was national in scope. Of course, since that time, why, this committee has definitely proven that.

Mr. RICE. You felt even then that there were outside syndicates operating in your county?

Mr. MOLONEY. Yes. Well, there, you take strange men in town, gambling operators of different sorts. They were probably small operators, maybe just working in the clubs and things of that sort. You would hear complaints from people on the street about them.

Of course, I was not in any way connected with any reform movement, but my interest was purely as a city official, to try to do my sworn duty.

Mr. RICE. All right. Now, then, did you discuss that with the mayor or other members?

Mr. MOLONEY. Well, whenever I discussed it with any of the other members of the board, they would just laugh it off.

Mr. RICE. Well, did you go a little bit further than that one time?

Mr. MOLONEY. Well, this one time, I remember, I had a statement prepared to read before the commission, and the mayor was a little bit late in arriving that day, and I told him——

Mr. RICE. You had a statement?

Mr. MOLONEY. Yes.

Mr. RICE. What was that about?

Mr. MOLONEY. To close gambling, asking the commission to do so.

Mr. RICE. You were going to take a stand against gambling?

Mr. MOLONEY. That is right. And I told the mayor that I was going to come out against gambling that day. He asked me how I meant that, and I said, "Here is the statement." I gave it to him, and I was very much incensed by it, and he said that it would put them all on a spot. He asked me to withhold it. I did withhold it, but I told him I would come back the next week.

During the week I was approached by several people, and they asked me, as a first step, not to bring it before the commission, but to write a letter to the city manager, as the administrative officer, and have him do it, and I did write that letter.

Mr. RICE. Who is the mayor?

Mr. MOLONEY. William F. Rolfes.

Mr. RICE. And you say he asked you not to make that statement?

Mr. MOLONEY. Yes; because he said it was putting them all on the spot, coming out that way.

Mr. RICE. Putting them on the spot?

Mr. MOLONEY. Yes.

Mr. RICE. Yes. Did you put the city manager on the spot?

Mr. MOLONEY. Yes. I wrote him a letter the following week.

Mr. RICE. And I think we have had ample testimony this morning from Mr. Florer that nothing happened, in any event, anyway.

Mr. MOLONEY. Well, something did happen.

Mr. RICE. Something did happen?

Mr. MOLONEY. Yes. I must say this much for the city manager and the chief of police, I believe that they did try to carry out that order. I have the letter here that I wrote, and it merely states——

Mr. RICE. You may give us the high spots of it.

The CHAIRMAN. First of all, the date.

Mr. MOLONEY. The date of it is May 3, 1950.

The CHAIRMAN. Thank you.

Mr. MOLONEY. I lined up in there:

It is well known that commercialized gambling flourishes in this city without any interference from our law-enforcement agencies. The local press has repeatedly reported various actions of these groups and seems to be of the general opinion that some branches of government have a working agreement with them. I propose to offer no proof that these conditions exist—I do not have it.

But it was generally felt that this condition did exist. And I also state:

Assuming that the condition does exist: No reasonable person could be expected to believe that the power of the people must be shared with any interests. As no man can serve two masters, so can no one charged with any duty to this city carry out instructions from Louisville, Cleveland, New York, or any other city where these interests are reputed to have agents or headquarters, or, for that matter, from within our own boundaries—and faithfully serve this city. So long as these interests operated unmolested, the ugly shadow of corruption hangs over the head of every official or officer charged with duties in Covington, like the sword of Damocles suspended by a fragile hair. We cannot enjoy the

confidence of our constituents and give tacit approval to syndicated combines operating in open violation of the law.

I am addressing you as the city manager, and ask that these interests be given until Monday, May 8, to get all of their equipment out of the city. After that date it will be your task to see those instructions are enforced. Anyone failing or shirking in your instructions must appear before the commission with formal charges placed against him. No vacations or leaves should be granted while the task is being performed.

And that is the general gist of it.

The CHAIRMAN. To whom was that addressed?

Mr. MOLONEY. To George S. Lyon, city manager, city of Covington, Ky.

The CHAIRMAN. What was the result? Was it acknowledged by him?

Mr. MOLONEY. No; he did not acknowledge the letter, but Monday morning, why, all gambling prepared to close down. That was the 8th, the date that I had set for it.

I believe the slots stayed out all day.

Mr. RICE. All day?

Mr. MOLONEY. All day.

Mr. RICE. Yes.

Mr. MOLONEY. I am not quite sure. There might have been some scattered ones, but it was the general opinion that they stayed out for the entire day. But in the afternoon the larger casinos opened up, and some of the smaller clubs failed to open, but the grand jury convened not long after that, and, of course, it closed down, but in the meantime, between the time the grand jury convened and May 8, there was gambling.

I don't know whether it was on quite as large a scale. There might have been some people who decided they would not operate. I never made any investigation. But so far as the general policy of enforcement was concerned there was no change.

Mr. RICE. You don't think it was anything but a token service there?

Mr. MOLONEY. That is right.

Mr. RICE. What happened in the afternoon to take the lid off again? The lid didn't stay on very tight; did it?

Mr. MOLONEY. The lid did not stay on. Oh, there are a lot of stories around that you hear happened. Certain people walked in the courthouse and said, "We can't have anything to do with this." I have never been able to put my finger on any definite one who did it.

Mr. RICE. Well, there was one thing that interests me a little further: back in your testimony, during the week of grace you gave the mayor this week of grace more or less, before you made the statement, you said that some feelers came to you then, or were you approached during that week?

Mr. MOLONEY. No; I was not approached during that week that I can recall. There may have been some, but it was nothing in the nature of anyone coming to me with any offers.

It was shortly after that, or during that week. I am not quite sure which, that one man, who was interested in slot machines, Benny Keys, came to me and asked me not to do it. He told me that he would get down on his knees if he thought it would help me decide not to do it.

Mr. RICE. He said he was going to get down on his knees to stop you from making any statement against the slots?

Mr. MOLONEY. Yes; but he made no offers at the time.

The CHAIRMAN. Did you later have any offers?

Mr. MOLONEY. Well, they sent someone else who was not involved in it at all, it was just a friend of mine, to tell me—there was no money involved in it—and it was that I was to have complete control of the police force, the hiring and firing, and of promotions, that my word would go, and the same would hold true in the gambling establishments around Covington.

The CHAIRMAN. In other words, if you relented and let up, that you would have the appointive power in the police department, and could appoint anybody else in the gambling establishments?

Mr. MOLONEY. That is true.

The CHAIRMAN. All right. When was that?

Mr. MOLONEY. I don't know the exact date of that. It was some time that spring.

The CHAIRMAN. And by whom?

Mr. MOLONEY. Well, this Keyes had sent a friend of mine, who is not involved at all.

The CHAIRMAN. The offer actually came from Keyes, are we to understand?

Mr. MOLONEY. That is right.

The CHAIRMAN. All right. Thank you.

Mr. Rice?

Mr. RICE. How about the time that Policeman Jackson picked up a slot machine. What was the story on that?

Mr. MOLONEY. Well, that was while I was running for office. That was my first attempt at politics.

Mr. RICE. That would, then, be in 1949?

Mr. MOLONEY. That is true, in the fall of 1949. I don't know the date. I remember the case, though.

It seems that he raided a slot machine at, oh, let's see, I believe it was at Seventh and Madison.

Mr. RICE. He raided one machine?

Mr. MOLONEY. One place; I believe there were two machines there, I am not sure of that.

Mr. RICE. Was that at the Madison Grill?

Mr. MOLONEY. That is it. I was trying to think of the name. It was the Madison Grill.

And there was one of the slot-machine men, when he got down to headquarters, was supposed to have reprimanded him very severely in front of his superior officer.

Mr. RICE. What do you mean, a slot-machine man?

Mr. MOLONEY. One of the men connected, in some way connected, with the servicing of the machine.

Mr. RICE. Distributing, servicing, and running the machine?

Mr. MOLONEY. That is right.

Mr. RICE. Who was that fellow?

Mr. MOLONEY. His name was Cliff Brown. It appeared in the papers; that is how I found out about it.

Mr. RICE. Cliff Brown?

Mr. MOLONEY. Yes.

Mr. RICE. What did he do to Jackson?

Mr. MOLONEY. He reprimanded him for raiding the slot machine. It seemed to be a capital offense.

Mr. RICE. He came right into the police station after him?

Mr. MOLONEY. Yes.

Mr. RICE. Is Brown associated with Jimmy Brink, who took over the Lookout House? He is, isn't he?

Mr. MOLONEY. I understand he is from all reports; yes.

Mr. RICE. Part of the big syndicate?

Mr. MOLONEY. Yes.

Mr. RICE. Do you know whether any convictions resulted from that slot-machine case?

Mr. MOLONEY. I am not sure. I don't remember the disposition of the case.

Mr. RICE. What became of Jackson?

Mr. MOLONEY. Well, Jackson was tried for being intoxicated, I believe, and given a suspension.

Mr. RICE. On that?

Mr. MOLONEY. I don't know whether he was intoxicated that time.

Mr. RICE. They said he was intoxicated and didn't know what he was doing?

Mr. MOLONEY. That was not the case, the intoxication charge was entirely separate.

Mr. RICE. I see.

Mr. MOLONEY. Whether he was supposed to be intoxicated that night, or whether they picked him up later for that, I don't know.

Mr. RICE. But they got him off the force?

Mr. MOLONEY. That is right. Well, no; they didn't take him off the force. He is off the force now. He quit. But at that time he was suspended.

Mr. RICE. All right, sir. Have you information about what the payoff amounts to in this profit-sharing plan?

Mr. MOLONEY. Oh, you hear all sorts of things. I know there are just general opinions around town.

Mr. RICE. It actually now is down to dollars and cents, isn't it?

Mr. MOLONEY. I mean——

Mr. RICE. What is the story on the protection, the pay off, as you understand it, as a city official?

Mr. MOLONEY. Well, as you heard among most people, it is generally believed that a commissioner is supposed to get \$100 a week, the mayor \$150, and the detectives——

Mr. RICE. Go a little slower. Let me get that. The commissioner gets what?

Mr. MOLONEY. One hundred dollars a week.

Mr. RICE. And you would be one of those?

Mr. MOLONEY. Don't say that I got it.

Mr. RICE. Yes; but I mean, you would participate in that, if you did go along.

Mr. MOLONEY. Yes. And the mayor is supposed to get \$150 a week.

Mr. RICE. Yes.

Mr. MOLONEY. And the detectives are supposed to get \$150 a month.

Now, you hear all kinds of other stories. I have never heard anything that sounded plausible on what they paid other people. Of

course, it is generally agreed that on the police force there are some men who received nothing, and so far as my knowledge is concerned, I have seen no money change hands at any time.

Mr. RICE. How is that money picked up and gathered together for the profit sharing? Is that on a percentage basis, or how does that work?

Mr. MOLONEY. That is the part that proved to me there was a concerted effort. I don't know how it is done, but it has to be that there is some organization behind it.

Mr. RICE. Were there any rumbles about who the bagman is, who is the boss that makes the arrangements and advises the participants as to how much they shall pay?

Mr. MOLONEY. Well, you hear all kinds of things, but there it nothing you can really put your finger on that would be of any value.

Mr. RICE. It does not appear there was any investigation to really follow up those rumors that reached you.

Mr. MOLONEY. No.

Mr. RICE. It has never been satisfactorily explored, so far as you are concerned?

Mr. MOLONEY. That is true.

Mr. RICE. Now, then, there was a time when there was a real substantial figure offered you, wasn't there, of \$50,000, or something like that?

Mr. MOLONEY. That was a nebulous sort of offer.

Mr. RICE. What was that?

Mr. MOLONEY. I think that was more or less of a bait, thrown in front of me.

Mr. RICE. A \$50,000 bait was dragged across your path?

Mr. MOLONEY. Yes. This man there was—there was only really one direct approach, of course, and that was the one I explained to you. The rest were through intermediaries.

The CHAIRMAN. What led you to believe that \$50,000 was the figure?

Mr. MOLONEY. That figure was mentioned. But it was done in such a way that a certain party would pay it that I know has absolutely no interest in it.

The CHAIRMAN. Did you believe the \$50,000 offer was a valid one?

Mr. MOLONEY. No; and I don't yet.

The CHAIRMAN. Do you think he was ready to offer anything at all?

Mr. MOLONEY. That may have been. I don't think this man has any part in it at all. He is friendly with a lot of people, and he felt he could talk me into it, if he started out with that, and if I would take something, one figure, he would probably bring me down to another.

The CHAIRMAN. My point is whether or not you believed he was there to make an offer, or at least to set in motion something by way of an offer, and held the \$50,000 figure out to you to see whether you would bite?

Mr. MOLONEY. That is the way I feel about it.

Mr. RICE. It was in the nature of a feeler, he was feeling you out?

Mr. MOLONEY. That is right.

Mr. RICE. That would be on the credit side of the ledger, any money that would be offered.

Now, how about the other side? Were you ever threatened with anything, violence or intimidation?

Mr. MOLONEY. Oh, yes, quite often, phone calls, letters, all of them anonymous, of course. I saved two of the letters. That was all.

Mr. RICE. You say you did get letters?

Mr. MOLONEY. Yes.

Mr. RICE. Handwritten letters?

Mr. MOLONEY. Yes.

Mr. RICE. What did you do with those?

Mr. MOLONEY. I have two of them here. I have never said anything about them. I would rather that they would not be read, because of the language used in them.

Mr. RICE. Is it obscene?

Mr. MOLONEY. Yes.

Mr. RICE. I will present—you have them there, do you not?

Mr. MOLONEY. Yes.

Mr. RICE. Will you present them to the committee?

Mr. MOLONEY. Yes, I will.

Mr. RICE. What, in general, was the nature of the communications? What did it tell you?

Mr. MOLONEY. Well, they were warning me that I had better lay off, and things of that sort. One of them actually said I would be shot, that one letter there does.

Mr. RICE. That you would be shot?

Mr. MOLONEY. Yes, that my body would be found riddled with bullets.

Mr. RICE. Did you ever submit those to a law enforcement agency?

Mr. MOLONEY. No, I never did.

Mr. RICE. What was the reason for that?

Mr. MOLONEY. Well, I just thought they were crank letters. I was not afraid of them.

Mr. RICE. Because you had no confidence in the law enforcement agencies?

Mr. MOLONEY. No, I wouldn't say that. I could have turned them over to the Post Office Department.

Mr. RICE. "This is the last warning. Dead on the street."

Mr. MOLONEY. That is right.

Mr. RICE. "Leave gambling, if you don't want to live very long."

Well, it looks to me like quite a serious matter, and it might be that the matter constitutes a Federal violation of sending threatening communications through the mails, Mr. Moloney.

Mr. MOLONEY. Yes. I probably should have turned them over to the Post Office Department.

Mr. RICE. They are dated 1950.

Mr. MOLONEY. That one, I believe, was 1951.

Mr. RICE. This is 1950?

Mr. MOLONEY. Yes; that is true.

Mr. RICE. Shortly after you took office?

Mr. MOLONEY. I have received no threats of late. I know of none this year.

Mr. RICE. You say you also had follow-ups on the telephone?

Mr. MOLONEY. Yes. There were people calling me on the telephone and made threatening remarks about different things, that I had better not pass certain corners, or something like that, around certain times.

Mr. RICE. Did you connect the telephone calls with the letters, Mr. Moloney?

Mr. MOLONEY. Well, there was nothing really to hang them on.

Mr. RICE. But you did connect the telephone calls with your activities against gambling?

Mr. MOLONEY. That was definitely stated in there, if I didn't leave gambling alone.

Mr. RICE. All right, sir.

Do you have any questions, Senator?

The CHAIRMAN. A gain coming down to the offer that was made to you, I think in Cincinnati wasn't there some conversation once there?

Mr. MOLONEY. In regard to this \$50,000?

The CHAIRMAN. Yes. Did you do anything by way of making that known to any authorities?

Mr. MOLONEY. No, no.

The CHAIRMAN. Or following that, did you have any conversation at all with the internal revenue people in regard to any other proposal?

Mr. MOLONEY. Well, Senator, it is getting to be quite a joke with me. People around the clubs that I belong to keep saying, "Why don't you take your hundred a week and keep your mouth shut?" A lot of it is kidding, see.

Mr. RICE. Did you ever take any phase of it up with the Treasury Department or the Internal Revenue Department?

Mr. MOLONEY. One time I did. There were some men from the internal revenue who came around, and in this matter—well, some people had told me that they had set a fund up for such cases as mine. "In case you ever want it, it is in a bank account."

Mr. RICE. That is, the gamblers do?

Mr. MOLONEY. Yes. I asked if they ever impounded such bank accounts, to let me know.

The CHAIRMAN. In other words, did you think possibly that the gamblers might actually open an account?

Mr. MOLONEY. It was possible, yes, to show maybe they had been paying me, see.

Mr. RICE. I will read this into the record, part of it anyhow; one of these letters.

This is a warning. You had better not close Covington gambling. You and your friends will be dead. Your body will be among the missing. Leave gambling the way it is. If you don't want to live very long, you so and so, this is the last warning, dead on the street.

Now, I believe that I would turn that over to the Post Office officials, Mr. Moloney. I would say that constitutes a right serious matter. A handwriting examination might determine the identity of the person who sent it.

Mr. MOLONEY. All right.

Mr. RICE. We will return them to you, of course.

Mr. MOLONEY. You can turn them over to the Post Office Department, if you care to.

Mr. RICE. All right, sir.

The CHAIRMAN. All right. That will suffice. We certainly are obliged to you for coming and making it known, and unless there is something else that you know of that would be of interest—

Mr. MOLONEY. Everything is of the same nature. I brought it before the commission at different times, but I never received a second to my motion.

The CHAIRMAN. Nobody every seconded your motion?

Mr. MOLONEY. No.

The CHAIRMAN. Thank you.

By the way, I am very anxious to have a copy of your statement if you would not mind leaving it.

Mr. MOLONEY. Here are all of them.

The CHAIRMAN. We would like to have it marked for the record and we will be glad to return them to you.

(The documents referred to were marked "Exhibit No. 9," and were returned to the witness after analysis by the committee.)

Mr. RICE. Judge Joseph Goodenough.

The CHAIRMAN. Judge Goodenough, all of our witnesses are sworn. Will you raise your right hand, sir.

Judge GOODENOUGH. Certainly.

The CHAIRMAN. In the presence of the Almighty God, do you swear the testimony you shall give shall be the truth, the whole truth, and nothing but the truth?

Judge GOODENOUGH. I do.

TESTIMONY OF HON. JOSEPH P. GOODENOUGH, JUDGE, KENTON CIRCUIT COURT, COVINGTON, KY.

The CHAIRMAN. Now, Judge, will you give us your full name, please.

Judge GOODENOUGH. Joseph P. Goodenough.

The CHAIRMAN. How do you spell your name?

Judge GOODENOUGH. I wanted you to ask that question. I do not have a personal card, but here is my political card.

Mr. RICE. In any event, it is spelled G-o-o-d-e-n-o-u-g-h?

Judge GOODENOUGH. That is right.

The CHAIRMAN. Thank you, Judge. And you are judge of the Kenton Circuit Court?

Judge GOODENOUGH. I am judge of the Kenton Circuit Court, Senator.

The CHAIRMAN. And your residence is in Covington?

Judge GOODENOUGH. No, I live at 7 St. Joseph's Lane, Park Hills, which is a suburb of Covington.

The CHAIRMAN. But your headquarters are in Covington?

Judge GOODENOUGH. Yes. I have a brief statement. May I read it into the record?

The CHAIRMAN. We will be happy to have you do so.

Judge GOODENOUGH. I voluntarily accepted the invitation of the Senate Crime Investigating Committee and came here at my own expense, to defend my own reputation as an individual and as a judge of the Kenton Circuit Court, and to defend the reputation of the good citizens of my community.

The CHAIRMAN. I apologize to you, Judge. I was busy. I would like to hear your entire statement. Do you mind starting over again?

Judge GOODENOUGH. All right, Senator.

I voluntarily accepted the invitation of the Senate Crime Investigating Committee and came here at my own expense, to defend my own reputation as an individual and as a judge of the Kenton Circuit Court, and to defend the reputation of the good citizens of my community.

As a public official and as a citizen, I wish to commend this committee and its individual members for the great work it has performed since its first hearing in Miami, Fla., in May 1950, in exposing the sordid story of the filth on America's doorstep. Your work has had a wholesome effect on the gambling situation in Kenton County, where, for the first time in many years, gambling has been reduced to a negative state.

I am in a political campaign for reelection. In all political campaigns much is said to further the cause of one side and another. Down home, by innuendo, insinuations, and reflections, it is being said by those who want to gain political control that because we have had a gambling situation in our community all public officials and officers are corrupt and venal. In testifying before the committee, I speak for myself and for my own good reputation.

There is a great amount of joy, spiritual and mental, in a clear conscience. In the world today there is much confusion and discomfort because some are living without God and His commandments and because some are living under the cloud of a bad conscience. A corrupt public official could not enjoy a good reputation among lawyers who practice before his court. A corrupt public official could not enjoy an excellent record in the court of appeals which reviews his decisions. A corrupt public official, who is living without God and under the cloud of a bad conscience, could not address men and women of religious, educational, fraternal, civic, and PTA associations on various subjects, on an average of 78 times a year. A corrupt public official could not meet and greet hundreds of his fellow citizens each day of his campaign for reelection.

No, a corrupt public official would not possess that joy, spiritual and mental, which would permit him to go among his fellow citizens as I am doing in this campaign, asking them for a vote of confidence. My conduct as judge is a public record. When I became judge, I began to feel a new sense of responsibility; a realization that humility and prayer were as important in my daily work as a knowledge of the law.

In all my judicial decisions, in all my judicial conduct, I have always chosen the way of humility and justice and fair play to all. I would rather go down to ignominious defeat than to win reelection by spreading false, debase, and uncharitable rumors of a fellow man. "The mouth that believeth, killeth the soul."

Covington, second largest city in Kentucky, lies on a flood plain of the Ohio River at the foot of the suburban hills that reach back to a high plain of the bluegrass. The Licking River separates Covington from Newport. In this setting, Covington looks like a city on the Rhine. The impression is heightened by the spires of many churches that taper up from among compact business buildings.

In the panic of 1873 the genius of Covington flowered. John G. Carlisle and William Goebel grew to national stature politically. Bishop Maes inaugurated the construction of beautiful St. Mary's Cathedral. Frank Duvencck painted murals in it and in our Covington homes.

Since then we have grown and prospered. A few persons are now engaged in the popular pastime of condemning our community and its citizens. Covington and Kenton County are great places in which

to live. We have many churches—of all denominations. Our citizens are God-fearing, churchgoing people. We are morally sound. We have excellent schools and two fine hospitals. Our crime rate is low. The growth of the vicious drug habit among the youth of the Nation has not visited itself upon our community. I repeat that we are a morally good community and our citizens are morally healthy.

Yes, we have had occasion to do some housecleaning of the gambling situation. No doubt there is room for more cleaning. We never did have and we do not have hoodlums or gangsters. The assassination of a community's good name is as debase and as vile as the assassination of an individual's name. No group of politicians should employ the condemnation of a good community and its good citizenry as a political escalator to gain political control.

I would like to make part of my testimony an article in one of our leading daily papers, of Saturday, July 14:

Too many persons have been engaged in knocking the city and county and the whole northern Kentucky area for so long that it is hard to find somebody with a compliment.

A lot of fallacies are being kicked around; much of false doctrine is being passed out as sage philosophy. As a place to live, Mason Dixon thinks that northern Kentucky as a whole has much to recommend it. Its suburban and downtown sections; its homes nestling back in the Kentucky hills; its people with their southern hospitable ways; its touch of the South and its touch of the North intermingling; its airport, its parks, and friendly people; its vistas of beauty and so many places; its taxes, yes, they are high, but what isn't high these days and it takes a lot of money to run a first-class city. We could go on mentioning a long list of attractions. We've liked northern Kentucky and northern Kentuckians have been kind to us.

The CHAIRMAN. Just in connection with one phase of the matter, of course, I did undertake at the very outset, I don't know whether you were here or not—

Judge GOODENOUGH. Yes, I was, Senator.

The CHAIRMAN. (continuing). To indicate that in regard to any political contest that might be in the offing, that is not of our interest and strictly speaking not our business.

Judge GOODENOUGH. I made a note on that and I was happy to hear you say that.

The CHAIRMAN. That definitely is our belief, because we do not think it is our function to intervene in any matter of purely local concern.

Judge GOODENOUGH. Yes. You said, Senator, "Committee not interested in purely local matters; committee not interested in our local elections." Thanks to the committee.

The CHAIRMAN. That is the way we feel.

Now, Mr. Rice.

Mr. RICE. Where do you live, Judge?

Judge GOODENOUGH. No. 7 St. Joseph's Lane, Park Hills, which is a suburb, Mr. Rice, of Covington.

Mr. RICE. That is Kenton County?

Judge GOODENOUGH. That is Kenton County, sir; yes, sir.

Mr. RICE. You are judge of what court?

Judge GOODENOUGH. Kenton County, sir. That is the Kenton County Circuit Court, criminal, common law, and equity division.

Mr. RICE. Is that a court of jurisdiction with respect to gaming cases?

Judge GOODENOUGH. No, it is not. The police court and county court have jurisdiction of the misdemeanors; the circuit court has jurisdiction also of these misdemeanors and the exclusive jurisdiction of felonies.

Mr. RICE. So it is concurrent with respect to the magistrate on the misdemeanors, but it has original jurisdiction for felonies?

Judge GOODENOUGH. Yes.

Mr. RICE. All right, sir. In connection with what court are the grand juries charged? The magistrate does not have a grand jury?

Judge GOODENOUGH. No, sir. The circuit court, over which I preside, has that responsibility, and it is my duty to charge these grand juries.

Mr. RICE. How long have you been in office, Judge?

Judge GOODENOUGH. I was elected a police judge in 1928, and I first served as a police judge of Covington up to 1940, and began my present duties as judge of the Kenton County Circuit Court in 1940, down to the present time, and for the purpose of a few Kentuckians who are here I am a candidate for reelection.

Mr. RICE. In what year?

Judge GOODENOUGH. Right now. I have a speaking engagement tonight, Mr. Rice, too, in fact, so thanks for letting me get home.

The CHAIRMAN. We did understand that you were anxious to leave and for that reason we thought we would advance the order of witnesses and have you testify earlier than had been intended.

Judge GOODENOUGH. The election is 2 weeks from last Saturday, August 4 is our election.

Mr. RICE. How long is your term?

Judge GOODENOUGH. Six years.

Mr. RICE. All right, sir. Going back to January of 1951, certain hearings of this committee were taking place in Cleveland, and there testimony was adduced, if I am correct, concerning gaming conditions by the big Cleveland syndicate down in your county.

Thereafter, there was a grand jury, I believe, in May or June of this year.

Judge GOODENOUGH. Yes, sir; right following your Cleveland meeting.

Mr. RICE. Yes, sir. Now, did you make any charge to that grand jury respecting gaming?

Judge GOODENOUGH. Now, that would be January 1951?

Mr. RICE. Any time after January.

Judge GOODENOUGH. Well, our grand jury came on in January 1951. I have a copy of my instructions to the jury with me.

Mr. RICE. All right, sir.

Judge GOODENOUGH. Shall I read it, sir?

Mr. RICE. If it is not too long, the part respecting gambling.

Judge GOODENOUGH. Here it is. I have it right here. [Reading:]

Ladies and gentlemen of the grand jury, today I wish to discuss with you various violations of our law which has come to my attention through the press. I particularly wish to direct your attention to violations of the gambling statutes of Kentucky which I shall have hereafter read to you, and ask you to determine why and how gambling exists in your community.

Perhaps you and I have no direct proof that slot machines and handbooks are in existence in Kenton County, but as intelligent citizens we do know that they do exist. I want you to investigate this condition.

You have the power to subpoena before you any and all witnesses you desire. You may subpoena any peace officer or private citizen. After you have heard these witnesses you may return indictments against all those whom the evidence discloses are owning, operating, or setting up slot machines or handbooks in our county.

Let me warn you that you must not permit your personal dislikes to influence you. You have sworn that you would perform your duty.

Now, here is the Kentucky law pertaining to this gambling situation. Let me read these sections of the statute to you one by one.

And I read the insertion.

Mr. RICE. Before you leave that, would you read the section pertaining to the statute of limitations? Did you read that to them?

Judge GOODENOUGH. No; I did not, sir. My idea of the statute of limitations is that on misdemeanors it is 1 year and that the felony section is never outlawed, in my opinion.

Mr. RICE. Well, the statute specifically calls for 5 years, does it not?

Judge GOODENOUGH. I think that is for the filing of civil suits, I am not sure about that.

Mr. RICE. It does not say anything about that.

Judge GOODENOUGH. Let us assume that you are right. You could be, sir. I am not so sure.

Mr. RICE. I am not going to argue with you, Judge.

Judge GOODENOUGH. No; I don't know. I am not so clear on that. I did not read that section, sir. I have the sections that I read here.

Then I continued:

May I emphasize KRS—

that stands for Kentucky Revised Statutes—that noise you just heard is my speech-making watch, Senator. When I talk too long that goes off. Pardon me.

Senator KEFAUVER. Judge, we could use some of them around here.

Judge GOODENOUGH. Sir, maybe I had better emulate your suggestion and not read them.

Senator KEFAUVER. Well, so far, I just came in, but you seem to be very brief in getting to the point. But what I suggested was that some of us Members of the Senate might very well have an alarm watch to let us know when our time is up.

Judge GOODENOUGH. Sir, in this one paragraph I said:

May I emphasize KRS 46350, which pertains to our best officers who have knowledge or information of the commission of any of these offenses which I have read to you or who has knowledge of any person engaging in any of these violations, and who fails to arrest or cause to be arrested the person offending, this section provides a penalty for any peace officer who violates this section of our law and provides for forfeiture of office.

The CHAIRMAN. May I ask you what the date of that was.

Judge GOODENOUGH. January 1951.

The CHAIRMAN. Thank you.

Mr. RICE. Any particular date in January, Judge?

Judge GOODENOUGH. My best judgment would be about the third Monday in January. The date is not on here. About the third Monday in January.

The CHAIRMAN. I think you then mentioned that there was a subsequent grand jury in the spring.

Judge GOODENOUGH. May, 1951.

The CHAIRMAN. That is right. Now, do you have your charge to the jury on that occasion with you?

Judge GOODENOUGH. I have, sir. Now, I believe that this instruction was inspired by your Cleveland hearing when I for the first time heard or observed on television that the syndicate had moved into the Lookout House.

May 7, 1951. [Reading:]

Dramatic events of the past week have focused the attention of our citizens upon crime, vice, corruption, and gambling, as they exist in some of our American communities. The Kefauver investigation of interstate gambling and the report of the committee discloses the crime and corruption which have attached themselves to our communities.

The Kefauver hearings and the report of the committee to the United States Senate have aroused the citizens from their lethargies. Politicians, public officials, peace officers, all of us, are squirming under the harsh spotlight of publicity of these hearings.

From these hearings and the report of the committee we learned many lessons. We learned that gangsters, mobsters, and gamblers in some cities have set themselves up beyond the law. We learned that syndicated gambling has infested our cities and corrupted our officials and officers. We learned that our own county has not been free from this syndicated gambling. We learned, if we did not already know, that gambling, vice, crime, and corruption are rampant in many American cities.

We were shocked to learn that the gambling lords, with their money and influence, have set themselves up in an invisible government. I know of no other force in American life that could render such a salutary service as a congressional investigating committee in exposing conditions which are inherently evil.

You and I are primarily interested in Kenton County. We should want to know, however, that this evil has attached itself to our community. According to the evidence before the Kefauver committee, the Cleveland syndicate had an interest in one of our local places.

The grand jury of Kenton County reported—

and I do not have the quote with me, but I believe that the grand jury reported that they had moved out. [Reading:]

Rumor has it that the syndicate is out of our community. It is my information that no commercialized gambling has flourished in this place or any other of our larger places since the last grand jury. This is something. I am satisfied that no matter how liberal you are, or I, or any one of us may be, that we should want to keep our country free from all syndicates with the attending evils. Our law makes no distinction between a saint and a sinner who promotes and sets up commercialized gambling.

There is more to it. Shall I finish it?

The CHAIRMAN. If it does not have particular reference to gambling it will not be necessary.

Judge GOODENOUGH. It does. And the report of the executive committee is expressed in this one sentence:

The key to the solution of the problem. Crime is largely a local problem. This grand jury is the people of Kenton County. You are the representatives of our citizens. They speak through you. Your conduct is their conduct. The report of the Kefauver committee said that the investigators found a close financial and personal relationship between law enforcement officials and gambling interests in some northern Kentucky communities.

I know the citizens of Kenton County are interested in this. I charge you to investigate this, to investigate crime, vice, corruption, and gambling. You have the power of subpoena. You may cause any witness to appear before you. You should invite any citizen to come before you. If there be any evidence before you that any officer or official of higher station is being corrupted, return an indictment.

The CHAIRMAN. That is a very forthright statement, Judge.

Judge GOODENOUGH. Thank you, Senator.

Senator KEFAUVER. Did you read it all, sir?

Judge GOODENOUGH. Yes; that is all. And Mr. Florer paid me the compliment—we are personal friends, not politically, however, and he says that I do charge the grand jury.

Mr. RICE. Did you charge the grand jury with respect to the slot-machine question?

Judge GOODENOUGH. Yes, sir. I always read the sections of the statute. It was obligatory to read all of the gambling sections.

Mr. RICE. Did you invite the attention of the grand jury to the newspaper published list of the slot machines places?

Judge GOODENOUGH. I don't know what date that was, when one of our papers carried that. That was given to the grand jury. The grand jury had that.

Mr. RICE. How do you know that, sir?

Judge GOODENOUGH. Mr. Quill is here. He is here and he will tell you that.

Mr. RICE. What is the story there?

Judge GOODENOUGH. I talked to Mr. Quill about it. I said, "Jimmie, why wouldn't they indict?" He said, "That would not be legal evidence, and they so held."

And I will have to concur in that.

Mr. RICE. You mean, arguing purely on the basis of the newspaper article, they would not indict on that?

Judge GOODENOUGH. That is right. That would be hearsay evidence.

Mr. RICE. Yes, but was there no talk about investigating the matter further, to see if there could not be competent legal—

Judge GOODENOUGH. Sir, your grand jury is in session for 9 days. You have had the truth here. The proof is that during the grand jury sessions gambling stopped in Kenton County.

Mr. RICE. Yes, sir. There is no way then of discovering by investigative means what happened the day before the grand jury went in?

Judge GOODENOUGH. Not through the grand jury itself, yes, through subpoena.

Mr. RICE. Has there been any suggestion made to the grand jury to follow through on that?

Judge GOODENOUGH. Sir, after I charge a grand jury I am not permitted, under the law, to talk to them.

I was called in at the last grand jury to offer my suggestions, counsel and advice, which I readily gave.

Every time I face a grand jury for recommendations, and Senator Kefauver and I are in total agreement on this, they talk to me about legalizing, and I throw up my hands. I don't think legalizing it is the cure.

Mr. RICE. Yes, sir. Well, as a citizen of the State, have you ever made any effort to bring to the attention of the people what you yourself knew of violation of the laws?

Judge GOODENOUGH. Yes, generally in these instructions.

Mr. RICE. In a general way?

Judge GOODENOUGH. Yes.

Mr. RICE. But no suggestions as to how to cure it?

Judge GOODENOUGH. I have no positive proof. I am a judge and I know a lot of people, and I can talk to the minister, the churchgoer and the truck driver, but I avoid the places where law violations may be.

Mr. RICE. You say that you don't have any positive proof.

Judge GOODENOUGH. Of my own knowledge, sir.

Mr. RICE. Yes.

Judge GOODENOUGH. But I have the same proof that any intelligent citizen—and you don't have to be intelligent—living down home, has, sir.

Mr. RICE. What is that proof?

Judge GOODENOUGH. Why, as I state in these charges, I did not need your committee to tell me that we had a gambling situation in Covington, Kenton County. We did have it.

Mr. RICE. How long ago?

Judge GOODENOUGH. Now, sir—and I would like to clarify the record—I think you would be interested in this. In Mr. Florer's testimony, and I sat here and listened to it, he gave a sordid picture and that sordid picture he gave us ceased to exist in January of this year when the Lookout House, which is our big casino, where there has been a crap game, stopped existing as a gambling casino in January, at the time of the grand jury, and that since the May grand jury of this year there has been no gambling whatever except spasmodic—what do they call it—vest-pocket betting.

Mr. RICE. How do you know that, Judge?

Judge GOODENOUGH. Well, sir, I am down there campaigning up one road, down the street, in the suburbs, and you just sense that there is no gambling there. I have read it in the paper.

Now, sir, where the police did raid two handbooks, I read that in the paper. It has been reduced, let us put it that way. They picked up two handbooks in the last week. I read that in the paper.

Mr. RICE. Before January what was the situation?

Judge GOODENOUGH. Before January everything was open. The slot machines were up, the handbooks were up, and there was a crap game at the Lookout House.

Mr. RICE. Had you ever been in that crap game?

Judge GOODENOUGH. I had never been.

Mr. RICE. Had you ever personally witnessed any gambling?

Judge GOODENOUGH. I never have.

Mr. RICE. Are you sure about that?

Judge GOODENOUGH. I am.

Mr. RICE. Back in your testimony in the Howard case, you were talking about Orr's. Do you remember being in Orr's place?

Judge GOODENOUGH. I have been in Orr's, but never in any part where there would be gambling.

Mr. RICE. You say—

From the number of times I ate in Orr's, I would say there was a handbook in the back room.

Judge GOODENOUGH. Sir, I could say that about 50 places in Kenton County.

Mr. RICE. Did you ever do anything about it?

Judge GOODENOUGH. Yes, sir; I called it to the attention of the grand jury.

The CHAIRMAN. In other words, from eating in the restaurants, you would have reason to believe that there was gambling in another part of the building?

Judge GOODENOUGH. Yes, sir. I had no proof. I heard no service. I saw no tickers. But, sir, you just don't have to be a lawyer or judge or intelligent to know things that are going on.

Mr. RICE. Back before January you knew that gambling was going on in the Lookout House?

Judge GOODENOUGH. Yes, sir.

Mr. RICE. There was no question about that?

Judge GOODENOUGH. That is the same thing, sir. I have never been in the Lookout House.

Mr. RICE. But you knew there was gambling going on there?

Judge GOODENOUGH. The same as you would know it in a hundred places.

Mr. RICE. But if you were to say as a citizen and a judge of the Kenton County Circuit Court, "I know there has been, I know there is and has been gambling here," you could say that?

Judge GOODENOUGH. That is right.

Mr. RICE. Now, then, some years ago there was an injunction handed down by Judge Northcott.

Judge GOODENOUGH. Yes, sir, of the Kenton County Circuit Court. That was back in 1936. The record shows 1939, but it was 1936.

Mr. RICE. That was a permanent injunction?

Judge GOODENOUGH. It is.

Mr. RICE. It refers to the Lookout House?

Judge GOODENOUGH. No, sir; it does not. It refers to individuals.

Mr. RICE. Well, described in the petition of proof, it is described as—

Lookout House and the Schlosser place in Kenton County, more fully described in the exhibit.

Judge GOODENOUGH. I am familiar with that. I have looked at it. As Mr. Florer testified, he called it to my attention. I looked at the record and the injunction is there. It is a permanent injunction against those named as defendants.

Gambling on the premises described as the Schlosser House, and further—there is a second feature of it—

enjoining and prohibiting those named defendants from inviting or permitting or suffering any others to gamble on the premises described.

Mr. RICE. And one of these is James Brink?

Judge GOODENOUGH. One is James Brink.

Mr. RICE. And I think we had some testimony less than a month ago that James Brink is still involved in the ownership of the Lookout House.

Judge GOODENOUGH. I think Jimmie Brink, with his wife and father, is sole owner now. I know that from the press accounts.

Mr. RICE. Don't you think the injunction would lie against Brink in the Lookout House?

Judge GOODENOUGH. I think it would; yes.

Mr. RICE. How do you account for the fact that that injunction was not in force? You testified that you knew gambling was going on and you knew about the injunction, and you knew that Brink was the operator.

Judge GOODENOUGH. Are you going to charge me with the responsibility?

Mr. RICE. No, sir; I am asking you.

Judge GOODENOUGH. You mean why?

Mr. RICE. Yes.

Judge GOODENOUGH. I don't know. There are many that could enforce that injunction, with the right for the defendants to be heard in court.

Mr. RICE. How do you account for it?

Judge GOODENOUGH. Well, that document is black from fingerprints, everybody in the bar looked at it. I finally looked at it for the ministerial association, and Mr. Florer will tell you, when they called that to my attention, I looked at it. And you want to ask me why. You know, I am in a political campaign.

The lawyer who gave me opposition, Mr. Gregory Hughes, who is on their committee against me, was one of the lawyers who brought that suit. Why hasn't he brought it to my attention officially?

Mr. RICE. I see that it issues out of your court, and I thought it would be particularly interesting to know from you just what the situation is.

Judge GOODENOUGH. Sir, I don't know; but why wouldn't Mr. Hughes enforce it? He is one of the many lawyers who joined with Mr. Vincent, then the attorney general, who brought that action on behalf of the Commonwealth of Kentucky.

Now, this gentleman, Mr. Hughes, is a personal friend of mine. He is a good lawyer, a corporation lawyer. He is one of the lawyers mentioned in that suit. Why hasn't he brought it up?

Mr. RICE. As for yourself, you just don't know?

Judge GOODENOUGH. Why it has not been, I don't know.

Mr. RICE. You just don't know?

Judge GOODENOUGH. I do not, sir.

Mr. RICE. Well, of course, we are sitting on the other side of the table as strangers, but it would appear that it would be of particular interest to your court, the Kenton circuit court, from which the injunction issued, and in which you are the presiding judge, to see that the mandate of that judicial body was enforced, that it was not flouted. It would appear that that would be of particular concern to you.

Judge GOODENOUGH. No, Mr. Rice; I issue thousands of orders, take in divorce cases, I order husbands to pay \$10 a week, and I cannot follow any of them up. I don't follow them up. They come in by affidavit for a rule. If the defendant is in contempt, he is punished.

We give a time for criminal cases. Lawyers get to try their cases, and civil cases the same way. I don't set the criminal or civil cases. If anything judicially came to my attention I would have sui sponta taken action.

Mr. RICE. If what?

Judge GOODENOUGH. I would have taken action immediately.

Mr. RICE. If what?

Judge GOODENOUGH. If anything came into court to call it to my attention.

Mr. RICE. Well, it would seem to me that you certainly could take judicial notice of the sworn testimony taken in the Cleveland hearings of the operation of the Lookout House. The testimony of Accountant Giesey as to the principals involved, the corporate entity involved at the Lookout House, and the fact that Giesey, the accountant for the mob there, testified that it was a gaming venture. I don't see what further proof would be needed.

Judge GOODENOUGH. Of course, I read all of that in the press, Mr. Rice, but that would not charge me as a judge with any responsibility to awaken the injunction.

The CHAIRMAN. Judge, there was just one detail that I thought might be of importance. You indicated that prior to 1951 gambling operations had been more or less open.

Judge GOODENOUGH. Yes; they were openly notorious.

The CHAIRMAN. They were notorious, and then upon the convening of the grand jury during the time of the functioning, the 9-day period or so, things were closed down, if I understood you correctly.

Judge GOODENOUGH. That is right; that is right, sir.

The CHAIRMAN. And then upon the May term opening, they again closed down.

Judge GOODENOUGH. That is right.

The CHAIRMAN. And so far as I understood you to say they remained closed.

Judge GOODENOUGH. That is right.

The CHAIRMAN. The only thing that is left uncovered is what the situation was between the adjournment of the January term and the convening of the May term.

Judge GOODENOUGH. My knowledge is that the books came back, and slot machines, too, but no crap games.

The CHAIRMAN. No casino?

Judge GOODENOUGH. Senator, here are my thoughts about it. Your committee, as I read in my opening statement, has done great work down home. You must remember that we have had gambling in Kenton County for many, many years. Up to 1910 we had about six large casinos that existed within the shadow of the city hall, and these were handbook clubs—poolrooms they called them in those days, and they were literally licensed. Now, of course, 1910 was before my time. They would come into the police court every day and pay a \$25 fine. Your police court docket would show that. Those were in the days when the poolrooms received telegraphic code results, and that was announced to the bettors assembled.

In about 1910 they were abolished, and along came the handbook in a modified form, as we know it today. No service, some telephone results, and the pay-off was made the next day.

I believe it was around 1925 or 1926, maybe 1927 or 1928, and that is when I first came into public life, the handbooks, as we know them today, came into being.

Now, Senator, we live in a community which is the home of the old Latonia race track. Most of our people were born on the back stretch of that race track. We live within a hundred miles of the Keeneland race track. We live within 110 miles of Churchill Downs, the home of the Kentucky Derby, which vies with your great race, the Preakness.

Now, when you have folks who are born and raised and educated in an environment like that, you are not going to convert them in 1 day, but I say to your committee that you have done a good job, and if these folks will join and help these officials up home, they will do a better job.

Your committee has focused the attention of our people upon the sinister situation that has existed elsewhere, and did exist in the Look-out House with the Cleveland mob.

We never had any Costellos or "Greasy Thumb" Guziks in our community.

Sir, the crime-rate figures, I have them here, show that we are a good community, as I said in my opening statement, but our people have to be educated.

Senator KEFAUVER. What do you call McGinty, Dalitz, and Rothkopf?

Judge GOODENOUGH. That is a Cleveland group, is it not, Senator?

Senator KEFAUVER. Yes.

Judge GOODENOUGH. The testimony showed that they had secured an interest in the Lookout House.

Senator KEFAUVER. I only bring that up because you say you have not had any of those big-time operators in your community. You have had them there with you a long time, and so far as I know you have still got them. They don't live there.

Judge GOODENOUGH. I thought the testimony was, sir, that they had move out, that they were washed out of there.

Senator KEFAUVER. Well, I am not sure that that is the case. I think the testimony—

Judge GOODENOUGH. I only know what I read in the press.

Senator KEFAUVER. As of the time in January 1951, I think they were still in, according to that testimony. They may have gotten out, but I doubt it very much.

Judge GOODENOUGH. I thought that was the testimony before you, that in January 1951 they had gone out.

Senator KEFAUVER. No, I think they made a substantial amount of money in 1950.

Judge GOODENOUGH. No; I said January 1951, Senator.

Senator KEFAUVER. I say we know they made a lot of money out of the place in 1950, as I remember.

Well, of course, I don't know as of right now where they are, as to whether they are in or not, but don't you have some conspiracy statute through which you could reach those fellows?

Judge GOODENOUGH. Sir, they could be indicted on the conspiracy statute.

Senator KEFAUVER. Why don't you charge them on that?

Judge GOODENOUGH. Sir, I shall.

Now, Mr. Rice said something to me about presenting some proof, such as your Cleveland hearing. It would be a hard matter to get some of those fellows down, unless we got an indictment in our community. I don't know whether physically they were in our community.

Senator KEFAUVER. Well, I think they stay out at the Desert Inn.

Judge GOODENOUGH. They come in and get their money.

Senator KEFAUVER. That is sent to them by check.

Mr. RICE. I think at a hearing several weeks ago Brink testified that he had, in the very recent past, made some efforts to take over control of the Lookout House, and had made some arrangements with the other partners to give them notes for their interest that he was taking over.

Senator KEFAUVER. Well, was it not within the last 6 or 8 months that they have been in operation?

Mr. RICE. Oh, yes.

Senator KEFAUVER. I don't mean that they have been there personally. They are two or three degrees removed from there.

Judge, I think you must be interested in hearing the way they might operate. They were pretty smart and had good legal counsel. I don't mean good in the moral sense, but technically they have worked it out pretty well.

They form a corporation or partnership that buys the real estate, and then they own the real estate, and there is another outfit that does the operating, so that when they close up the operation, of course, these fellows are usually just the owners of the real estate, and through owning the real estate they get their cut in the gambling operation. They have two corporations or two partnerships.

May I ask, Mr. Chairman, how is this grand jury selected down there, Judge? You have nothing to do with the selection, I take it.

Judge GOODENOUGH. Here is the way that is done, if you wish to put that into the record. There are two divisions of our circuit court. That court is known in Kentucky, the same as in Tennessee, sir, the Tennessee circuit court, and I presume in Maryland it is the common-pleas court, isn't it?

The CHAIRMAN. No.

Judge GOODENOUGH. We have two judges, and the two judges appoint two jury commissioners, who put a thousand names in a wheel, and from that wheel, which is a drum, in open court the names of the grand jurors and the petit jurors are drawn.

Now, just to make an observation—

Senator KEFAUVER. Who selects the names?

Judge GOODENOUGH. The judges, sir. We draw the names for the grand jury. We draw 24 names.

Senator KEFAUVER. But who puts the names in the wheel?

Judge GOODENOUGH. Four individuals.

Senator KEFAUVER. Who are they?

Judge GOODENOUGH. To show you how I cooperate with Mr. Florer—

Senator KEFAUVER. How do you get the names, from the tax records?

Judge GOODENOUGH. From the tax records and from the voters' list of Kentucky.

Senator KEFAUVER. Who selects the names from the tax record?

Judge GOODENOUGH. The jury commissioners.

Senator KEFAUVER. How is that constituted?

Judge GOODENOUGH. Sir, they may exercise their discretion under the instructions of the court, and they may not show any partiality to one because of his race, color, or creed.

Senator KEFAUVER. But who appoints the jury commissioners?

Judge GOODENOUGH. The two judges, at the request of the ministerial association, we appointed them the first of the year: at their request I appointed Mr. Arthur Reeves, who is the secretary to the Masonic Lodge up home—is that right, secretary of the Masonic Lodge—and they thought if we had a man like Mr. Reeves, who is very, a very high-class man, we would get better jurors, and I believe we did.

MR. RICE. In connection with the jury commissioner, do you recall he is a fellow who then puts the names in the wheel and picks them out?

Judge GOODENOUGH. Yes, sir; they go into private session, and nobody is permitted in the room with them. The room is set aside.

MR. RICE. Do you know a fellow by the name of Butch Wanstratt?

Judge GOODENOUGH. I know Butch Wanstratt; yes, sir.

MR. RICE. What business is he in?

Judge GOODENOUGH. Butch Wanstratt has been an invalid, on the flat of his back for 3, 4, or 5 years, sir. He is the owner of a tavern, I believe, but he has been on the flat of his back, sir.

MR. RICE. Did you ever know he was in the slot-machine business?

Judge GOODENOUGH. I never knew that, sir.

MR. RICE. Are you sure about that?

Judge GOODENOUGH. No, I never knew that Butch did. I have heard rumors about it.

MR. RICE. Did you ever have an opinion that he was in the slot-machine business?

Judge GOODENOUGH. I had a guess that he was, but I never had any knowledge of it.

MR. RICE. Well, let me refresh your recollection, going back to the Howard trial, your testimony was, talking about slot machines:

Have you heard that machine is operated?

Answer: I have expressed an opinion that I think Butch Wanstratt had slot machines there from conversations I had, movements, and people, and noises, through my senses, I will state the opinion that I am almost sure there have been slot machines there.

Now, wasn't this same Butch Wanstratt appointed by your court to select the other jurors?

Judge GOODENOUGH. Never by me. I think he was selected by Judge Bryson.

MR. RICE. When the other judge appointed him, did you protest?

Judge GOODENOUGH. Sir, I was not a judge then. I think Judge Bryson, who has no criminal jurisdiction, out of friendship for Butch Wanstratt years ago, when Butch was running a restaurant. I believe he was a jury commissioner, yes, sir.

MR. RICE. All right, sir. Now, then, after the awakening, shall we call it, of a tremendous amount of public reaction and publicity resulting from the gambling wave in 1950 and 1951, there came a time when you had a grand jury here very recently, did you not?

Judge GOODENOUGH. The last grand jury, sir, was the May grand jury.

MR. RICE. And you sent us a copy of the report under date of June 27, and asked us for comments on the report.

Judge GOODENOUGH. Yes, sir.

MR. RICE. Now, then, that was all after there had been a public pronouncement that at least in 1950 there were 111 wire service ticker places in Kenton County, that there were 163 slot machine receipts for taxes paid on slot machines there, and that there was testimony in the Cleveland hearings of the committee in January relating to the operations of the Lookout House as a gambling joint by members of the Cleveland syndicate, they call it, consisting of Brink, Carr, Meyer, Croft, Schroeder, Rothkopf, Kleinman, Moe Dalitz, Louise Tucker,

who I think was the wife of Sam Tucker, and Charles Polizzi, brother of Big Al, I believe, a Cleveland mobster that——

Senator KEFAUVER. Mr. Rice, he is no relation. He is sometimes called his brother. but he is actually no relation.

Mr. RICE. I am glad that you corrected me, Senator, and that during the years 1948 to 1949, just in that one place, the gross receipts aggregated a million dollars, and the net income to these gamblers was nearly \$400,000 right in your county.

Now, then, the report comes along here that you sent us in June indicating that there were two indictments returned as the result of the grand jury findings, and one of those was against an individual named Charles Schilker, which I understand was for gambling, and another against Ray McFabb, which I understand was for murder.

You also have a report—well, this seems to be the net result of the grand jury findings, but you also have a report that you yourself indicated, or at least this was contained in a newspaper report, that you thought this grand jury had done a noble job.

Judge GOODENOUGH. Yes, sir; and I want to repeat it before the committee, and let me tell you why. That grand jury went in in May. I am not too accurate on my dates. The grand report I read to you may have had the date on it.

When they came to the end of their 9-day term, they came into open court and asked me for the privilege of recessing, an unprecedented thing in Kenton County. I let them recess until June 25, and in that time you couldn't have bet 5 cents, and that is why that grand jury did a noble thing for us. It did stop gambling. That was an unprecedented thing, Mr. Rice.

The grand jury did a good job on that.

Mr. RICE. Well, I think the testimony has been all along here that during the time the grand jury was in session gambling was consistently shut down.

Judge GOODENOUGH. They recessed from May to June 25.

Mr. RICE. Then they stopped it for a whole month, didn't they?

Judge GOODENOUGH. Yes, sir.

Mr. RICE. Are there any rules against indicting people for what they did in 1948, 1949, 1950, and 1951?

Judge GOODENOUGH. None, no.

Mr. RICE. How do you account for that, then—

Judge GOODENOUGH. Any rules?

Mr. RICE. Yes.

Judge GOODENOUGH. I would not know of any rules.

Mr. RICE. You indicted a man, Schilker, for something, but the big Cleveland mob that operated this tremendous proposition at the Lookout House escaped scot free. How do you account for that?

Judge GOODENOUGH. I have nothing to do with the grand jury. I charge them, and I read the charge, where I refer to the syndicate being in there.

Mr. RICE. Do you think they did a noble job on that?

Judge GOODENOUGH. I think they did a noble job in stopping gambling, and I think you men ought to be proud of that, too.

Mr. RICE. Well, sir, we are not.

Judge GOODENOUGH. Well, sir, I am——

Senator KEFAUVER. I think we are talking about two different things, isn't that the gist of it?

Judge GOODENOUGH. I think there is a misconception.

Mr. RICE. Now, they say here in their report to you, which you transmit to us, point No. 9:

Gambling had gone haywire in this county through the syndication of slot machines. Their reappearance must not be.

Now, do you have any idea what that means?

Judge GOODENOUGH. Yes, this grand jury was bitterly and violently opposed to slot machines and they are expressing themselves there. I had nothing to do with this report.

Mr. RICE. I understand, but they report to you.

Judge GOODENOUGH. They report that to me, or they did report that to me, that gambling had gone haywire, and they thought it should stop. Yes; I think that is an excellent point. Its reappearance should not be.

If you read there, when they brought me in the form they wanted to know how to keep slots out, and I said I will cooperate, I will call a special grand jury. That promise still goes. That is a duty not a promise.

Mr. RICE. Well, I think we can conclude that the net result was that in the future they want no reappearance, although they passively say there must have been open and widespread notorious gambling which would presumably be indictable, an indictable offense, but they have taken no action toward the indictable offense.

Judge GOODENOUGH. I don't know the answer, whether there was proof or not, but let me tell you what I think. The people of the Kenton County grand jury, Senators and Mr. Rice, of course, you are lawyers, but there were 12 men and women on the grand jury which represents your citizenry. Our people had violently been opposed to slot machines and that grand jury was.

Now, I think that is what they meant here.

Senator KEFAUVER. Judge, don't you think it would stop the operation in the future and teach a few people a lesson if they indicted some of these people who had been operating 6 or 8 months before?

Judge GOODENOUGH. Perhaps it would, Senator; yes, sir.

Senator KEFAUVER. Do you know why they did not do that?

Judge GOODENOUGH. No; I don't, Senator.

Senator KEFAUVER. As I get the point of the grand jury, about staying in session and recessing, they would close down things for awhile and it may still be closed, I don't know, but they did not go back and dig out the facts as to who the operators were 6 or 8 months before.

Judge GOODENOUGH. I don't know if there was evidence before them on that, but I think that grand jury was inspired by your committee. Before your committee hearings I don't think any grand jury would have had the courage to bring in a report like that, or to ask for anything like that.

Senator KEFAUVER. Well, we certainly appreciate the compliment that you have given us.

Judge GOODENOUGH. There is no gambling.

Senator KEFAUVER. Do you have jurisdiction in Campbell County?

Judge GOODENOUGH. None whatever, Senator, and that is the reason I sent that, Senator. I think when your man, Mr. Goddard, whom I don't know, sir, came up and investigated, I understood he reported back here, so far as Kenton County was concerned, that there was no gambling going on.

Mr. RICE. What gave you to understand that?

Judge GOODENOUGH. Some of the men, some of the people who were here as witnesses told me that.

Mr. RICE. But Mr. Goddard did not tell you that?

Judge GOODENOUGH. No; I never met him.

Mr. RICE. I think for the record we will say that Mr. Goodard's report was to the contrary.

Judge GOODENOUGH. In Kenton County, sir?

Mr. RICE. He certainly did not say there was no gambling there.

Judge GOODENOUGH. It was told that he looked in the Kentucky Club and found a sign out—

Mr. RICE. Well, we won't belabor that point.

Judge GOODENOUGH. No; mine is hearsay. I never talked to him.

Mr. RICE. Well, sir, you have commended the grand jury, who have indicated a notion that they might stop gambling in the future. Is it possible to arrange for a special grand jury down in your county?

Judge GOODENOUGH. Sir, under the law I may call two, maybe three, but two or three special grand juries a year.

Mr. RICE. Yes, have you ever done that?

Judge GOODENOUGH. I have never done that.

Mr. RICE. Has there ever been a prosecution in your county, under the felony statute, against gambling?

Judge GOODENOUGH. For gambling, sir?

Mr. RICE. Yes.

Judge GOODENOUGH. Not to my knowledge, sir; no, sir.

Mr. RICE. Now, I am just wondering, following Senator Kefauver's thought that he had hoped, and that he commended the grand jury along with you for the job of stopping gambling for a month, but he hoped that it would be possible to inspire a grand jury to look back a little bit into these operations which occurred during the statutory period.

Judge GOODENOUGH. I am not so much interested in what has gone on as I am in keeping gambling out of Kenton County, as a judge.

Now, my conduct, of necessity, must be restricted. I am a judge, sir.

Mr. RICE. You say you are not interested in what has gone on?

Judge GOODENOUGH. No, sir.

Mr. RICE. Well, suppose there had been four or five kidnapings down there and the kidnapers say, "From here on out we are not going to do it," would you be interested in what is going on?

Judge GOODENOUGH. Well, sir, you have two different classifications of crime. You cannot let kidnaping go unnoticed and perhaps you should not let gambling go unnoticed, but it would be extremely difficult to get the proof in a gambling situation and not too difficult, in my judgment, to get the proof in a kidnaping situation. That would be the work of the grand jury.

Mr. RICE. Well, I think there is ample testimony to establish that there was gambling at the Lookout House within the statutory period. I have no further questions.

The CHAIRMAN. That is all. Thank you.

Senator KEFAUVER. Let me ask you this.

Judge GOODENOUGH. Yes, sir.

Senator KEFAUVER. How long have you been a judge, sir?

Judge GOODENOUGH. A circuit court judge, Senator?

Senator KEFAUVER. Yes.

Judge GOODENOUGH. Since 1940.

Senator KEFAUVER. Is a circuit court judge in Kentucky comparable to the circuit court or criminal court judge in Tennessee?

Judge GOODENOUGH. The same; yes, sir.

Senator KEFAUVER. The same jurisdiction?

Judge GOODENOUGH. Yes, sir.

Senator KEFAUVER. One of our recommendations is in our third interim report that there be special grand juries called by the State. I think we may even recommend, where possible, that the grand jury be in continuous session, or at least have power to convene at any time. Is that possible under your constitution?

Judge GOODENOUGH. Our special grand jury can only be in for 3 days. Now, we would have to have the legislature amend that. That would not be a difficult task, in our legislature, to amend it.

Across the river in Cincinnati, Ohio, the grand jury is in session continuously.

Senator KEFAUVER. It seems to me that since May 7, whatever date it was, until June 26, that by having that recess, that they kept gambling from operating, and that by the same argument if the grand jury could be in continuous session but, of course, be in recess most of the time, it would have the same effect.

In other words, it would be there ready to act if something came up to act upon.

Judge GOODENOUGH. Senator, that is the answer to it, and as I say, it would not be difficult to have our legislature amend the law so that our grand jury could be in session, say, for a period of 30, 40, 50, or 60 days, not in actual session but subject to call.

Now, there is the strongest weapon against the existence of gambling in any locality.

Senator KEFAUVER. How long can a regular grand jury recess over?

Judge GOODENOUGH. Sir, this is unprecedented, I would have given this grand jury all the time they wanted. There was no precedence for it. I think they could continue indefinitely.

The CHAIRMAN. But there is a limit on the number of days they can be in session?

Judge GOODENOUGH. Nine days.

The CHAIRMAN. And special grand juries 3 days?

Judge GOODENOUGH. Yes; 3 days.

The CHAIRMAN. There is no limitation in regard to the time they can be in recess?

Judge GOODENOUGH. Yes—

Senator KEFAUVER. As I understand it, you cannot order the grand jury to recess, but it must be at their request under the present law.

Judge GOODENOUGH. There is no precedent. I could perhaps tell them to do it, but I did not tell them in this instance. They did it themselves. They came into court and asked me for the right for the foreman to speak to me.

Senator KEFAUVER. What if they should ask on May 7, let's say on May 16, assuming that is the day they ask for leave to recess over, suppose they ask to recess over until December 31.

Judge GOODENOUGH. I would have given it to them.

Senator KEFAUVER. Could they legally do that?

Judge GOODENOUGH. Yes, sir.

Senator KEFAUVER. That might be the second best answer.

Judge GOODENOUGH. I think you are right, Senator.

The CHAIRMAN. All right. Thank you, Judge. We will recess for 1 hour.

(Whereupon, at 1:15 p. m., the special committee adjourned, to reconvene at 2:15 p. m.)

AFTERNOON SESSION

The CHAIRMAN. The meeting will please come to order.

Mr. Quill, will you raise your right hand, please?

In the presence of Almighty God, do you swear the testimony you give will be the truth, the whole truth, and nothing but the truth?

Mr. QUILL. I do.

TESTIMONY OF JAMES E. QUILL, COMMONWEALTH ATTORNEY,
KENTON COUNTY, KY.

The CHAIRMAN. Your full name, please.

Mr. QUILL. My name is James E. Quill.

The CHAIRMAN. Q-u-i-l-l?

Mr. QUILL. Yes, sir, that is right.

The CHAIRMAN. Mr. Quill, your position is?

Mr. QUILL. I am the Commonwealth attorney in the sixteenth judicial district, which comprises Kenton County.

The CHAIRMAN. Is that the entire district?

Mr. QUILL. Yes.

The CHAIRMAN. So your district is coextensive with Kenton County?

Mr. QUILL. That is right.

The CHAIRMAN. For how long have you occupied that position?

Mr. QUILL. I was elected to an unexpired term in November of 1948 and I took office shortly before the first of 1949.

The CHAIRMAN. How long does your term continue?

Mr. QUILL. It is ordinarily a 6-year term, but inasmuch as I ran for only the unexpired term, I run this year. As a matter of fact, I am running right now.

The CHAIRMAN. So your present term—

Mr. QUILL. Will expire the 1st of January coming up.

The CHAIRMAN. You say you are running now. Are you in the primaries as of next week, I believe?

Mr. QUILL. The first Saturday in August.

The CHAIRMAN. That is August 4, I believe?

Mr. QUILL. That is right.

The CHAIRMAN. All right, Mr. Quill, thank you very much.

Mr. RICE. Mr. Quill, you went into office in 1949?

Mr. QUILL. After the November election.

It was in December of 1948, almost the 1st of January 1949, and I had been in office during 1949, 1950, and so far in 1951.

Mr. RICE. Just prior to that what was your business?

Mr. QUILL. I had been the county attorney of Kenton County for 3 years prior to that.

Mr. RICE. From 1945 on then?

Mr. QUILL. January 1946 was when it began. Prior to that I had been a member of the General Assembly of Kentucky for two terms. Before that a justice of the peace.

Mr. RICE. You were a peace officer before that? What is the distinction between the county attorney and the Commonwealth's attorney?

Mr. QUILL. The county attorney takes care of all the business affairs of the county, the civil affairs. He is also the prosecutor in the county court, which is the equivalent of a police court, except it is for county-wide jurisdiction.

Mr. RICE. On criminal matters?

Mr. QUILL. Yes.

Mr. RICE. The Commonwealth attorney?

Mr. QUILL. Attends the circuit court that takes care of the business of the Commonwealth, particularly the criminal matters which are sent to the grand jury or originate somewhere and are sent to the grand jury. His principal duty is to be the adviser to and of the grand jury and try whatever indictments are brought by the grand jury.

Mr. RICE. I think on Judge Goodenough's statement, that there was more or less concurrent jurisdiction on misdemeanors in connection with gambling, so on a gambling offense you would probably have prosecution by right of the Commonwealth attorney or the county attorney. Could that be right?

Mr. QUILL. That could be right. In addition, the county attorney is supposed to assist the Commonwealth attorney in the circuit-court prosecutions.

Mr. RICE. Taking a hypothetical case about a gambling violation that comes to both the attention of the county attorney and Commonwealth attorney, how would you feel about deciding where prosecution would take place?

Mr. QUILL. Being the Commonwealth attorney, any case that has been in the lower court, any criminal matter that has been sent to the grand jury by a lower court because the lower court would not have jurisdiction, the Commonwealth attorney then takes over, presents the matter to the grand jury, draws the indictments, if any, presents them in court, and tries them.

Mr. RICE. Is it possible to waive some of those back to the county court or to the county attorney?

Mr. QUILL. The grand jury may return a case to the county court if they thought a misdemeanor charge was sufficient and it could more properly be handled there than in the circuit court.

Mr. RICE. Does that frequently happen?

Mr. QUILL. I would say that it happens on the average of about two cases per grand jury.

Mr. RICE. Have there ever been any prosecutions brought as a result of grand-jury action for gambling in recent years under the felony statute?

Mr. QUILL. Not to my knowledge.

Mr. RICE. How do you account for that?

Mr. QUILL. I couldn't account for it at all in the terms of office of my predecessor. I do not know why it never happened then. As far as my term of office is concerned, there hasn't been a grand jury yet willing to vote a felony indictment.

Mr. RICE. Has the matter been presented to the grand jury by you calling for such a vote?

Mr. QUILL. Certainly.

Mr. RICE. They have ignored it in all those cases?

Mr. QUILL. That is right.

Mr. RICE. You have been present during the testimony this morning?

Mr. QUILL. Yes, sir. At least a portion of it.

Mr. RICE. Did you hear Judge Goodenough's testimony?

Mr. QUILL. Yes.

Mr. RICE. Did you hear Mr. Florer's and Mr. Moloney's testimony?

Mr. QUILL. I heard most of Mr. Florer's testimony and all of Mr. Moloney's testimony.

Mr. RICE. There was some testimony there about a grand jury that considered the matter in May and then recessed for a while and then came on to make a report. Are you familiar with that?

Mr. QUILL. Yes.

Mr. RICE. Is it usual that the grand jury makes a report to the presiding judge?

Mr. QUILL. Yes.

Mr. RICE. Do they do that every time?

Mr. QUILL. There are three regular grand juries per year and in 1949 there was three, in 1950 there were three, and so far two this year, and that would be eight grand juries that I have attended. Only one of the eight did not write a formal report.

Mr. RICE. In connection with the last grand jury—

Mr. QUILL. They are not legally compelled to.

Mr. RICE. I understand that. It is a matter that even the court does not have to accept if they do make a report. The court need not necessarily accept the report. I take it the custom is that they do there.

Mr. QUILL. In my time they have invariably.

Mr. RICE. In connection with the writing of the last report, a statement is made here that this report, while written by the Commonwealth's attorney, James E. Quill at the request of the grand jury, does that mean, then, that you actually reduced the material to writing?

Mr. QUILL. That is right.

Mr. RICE. How would you work that out with the grand jury? There are 23 men, are there not?

Mr. QUILL. No, a grand jury is composed of 12 in Kentucky. Nine of the 12 are required to vote an indictment. When the jury wants a report written, they just indicate so. To begin with, on this last one, the judge had instructed the jury to investigate certain matters, and they attempted to make a report in response to the request that the court had made of them. That was the main reason and the main mechanics behind it.

Mr. RICE. They are reporting back to the judge, and they sat down with you and asked you to reduce their thoughts to writing and transmit those to the judge?

Mr. QUILL. That is right.

Mr. RICE. You take the position then that you would be very familiar with the subject matter?

Mr. QUILL. I would think so; yes, sir.

Mr. RICE. I have the grand jury report which was filed in open court June 27, 1951. Do you have a copy?

Mr. QUILL. Yes. That was the last grand jury.

Mr. RICE. The statement is made here: "Upon our reconvening June 25, the gambling situation in Kenton County was solved." What did they mean by that?

Mr. QUILL. As I understood what was meant, it was this: That, by the device of recess for 2 weeks in May and almost 4 in June, and by the calling of the law-enforcement officials before the grand jury prior to the recess, the jury let the officials know that they wanted the gambling stringently enforced and were recessing for that purpose, to see whether these officials would perform or not. They had intended, if the officials failed to perform, to vote indictments against them, but the statement by the jury that the gambling situation was solved refers to the fact that all during that recess time there was no gambling of any sort, at least to any great degree throughout the county.

Incidentally that condition has persevered until today. That condition continued to prevail since the grand jury adjourned until the present time?

Mr. RICE. There is no grand jury sitting now?

Mr. QUILL. No, sir.

Mr. RICE. In talking about the solving or the solution to the problem we are looking into the future.

Mr. QUILL. Yes.

Mr. RICE. How about looking into the past as to conditions that prevailed, openly and notoriously, as Judge Goodenough has indicated? Has that problem been solved?

Mr. QUILL. I wouldn't attempt to say. As far as this last grand jury was concerned, it was their attitude, as indicated by the report, that they felt as if they had accomplished a great deal by getting gambling to stop, and that was the main and the then present consideration.

The CHAIRMAN. Mr. Quill, just in that connection, was there no consideration given by them to the indictment or any action with regard to what had taken place just in the short while before their convening?

Mr. QUILL. Oh, yes. They were presented with ample evidence with regard to that.

The CHAIRMAN. Inasmuch as they apparently took you into their confidence so fully in order that you could write this report, did they not indicate to you why they did not take affirmative action with regard to that which had been apparently obvious and notorious, as the judge has said, in recent months?

Mr. QUILL. I would be a little bit in the realm of conjecture if I answer that, but I do not mind conjecturing if you realize the limitations of that kind of an answer. It seemed to me that the entire jury felt that those things which had gone on in that county, as the judge said, for many, many years and for a long, long time, that it would not have been just and equitable to return an indictment for conduct that had been acceptable around there during all those years. They felt the first step that should be made and was made here was to eliminate present gambling and put all officials on notice and on

warning that, if the situation came back as it had been, like it was in the past, they then expected those officials to be prosecuted.

The CHAIRMAN. They were willing to forget all about the past and wipe the slate clean?

Mr. QUILL. I think that expresses it very well.

The CHAIRMAN. Do you think they knew of the extent of the gambling operation, for example, in dollars that was shown by the records, for instance, of Lookout?

Mr. QUILL. I am sure if they were, they had more knowledge of it than I had. I didn't hear those figures until coming here today.

The CHAIRMAN. On the other hand, Mr. Florer, who is a very intelligent man and well-informed individual, although he isn't a public official, he knew, generally speaking, when I read the figures to him, enough about them to indicate that it was no surprise to him. If anything, he thought they were a little bit on the conservative side, which they may be. What I am trying to say is apparently it wasn't very much of a mystery because Mr. Florer knew about these, and these, of course, go up to the million dollars.

Mr. QUILL. Yes.

The CHAIRMAN. So I am just wondering as to what basis or what explanation, if any, was given by the grand jury for their willingness to just close out all the past without any action?

Mr. QUILL. The answer to that, Senator, would be in their report, what they had to say about conditions. They voted indictments and voted this report. If it is in there, it meant they wrestled with it and came up with what they did come up as a satisfactory solution. If it isn't mentioned in there—and I don't believe it is—it is the other way.

Mr. RICE. In connection with the grand jury, you have the power of subpoena duces tecum.

Mr. QUILL. The grand jury may request the court to issue a subpoena duces tecum against given defendants.

Mr. RICE. In that way, it would have been a relatively simple matter to obtain the books of the Lookout House. They have resident agents residing in Kenton County. Is that true?

Mr. QUILL. If you say so, I suppose they do.

Mr. RICE. Don't you know?

Mr. QUILL. No, sir; I don't.

Mr. RICE. You know it is a Kentucky partnership and partners are residing there? You know Jimmy Brink?

Mr. QUILL. Yes, sir.

Mr. RICE. He lives there.

Mr. QUILL. I believe so.

Mr. RICE. He has been there for a number of years.

Mr. QUILL. I believe so.

Mr. RICE. It would be possible to subpoena him as a partner with the books and records?

Mr. QUILL. I would say "Yes."

Mr. RICE. Was that ever suggested to the grand jury?

Mr. QUILL. Not to my knowledge.

Mr. RICE. How do you account for the lack of interest?

Mr. QUILL. I wouldn't attempt to say.

Mr. RICE. Don't you feel some compulsion that under your term of office the grand jury investigation into violations of law in the jurisdiction you control should be successful?

Mr. QUILL. I construe it to be my duty to present every criminal matter to the grand jury that has come to my attention, either through the lower courts or upon discovery of my own. It is my duty to do that every time they meet. For example, when I went into this office, I thought a good thing would be to try to cut down on gambling. There had been so much of it around there for so long. Wherever I found open gambling going on, I would personally lead raids myself. The only Commonwealth attorney around there that ever did anything like that. I took the position that then it was difficult to enforce the gambling laws, much more so than now because there was very little sympathy for the enforcement of those laws around there. But what this committee has been able to develop, for example, that syndication business around the Lookout House, cause people to become highly exercised about that. By now gambling laws are very easy to enforce instead of being difficult to enforce.

Mr. RICE. Going back a number of years, it looked like the people were sufficiently exercised back in 1939, in the thirties, to bring about an injunction proceeding against the Lookout House, which was a permanent injunction. It was on the record of the circuit court there during the entire time you were there. I would say that it looked like they were exercised for a number of years there.

Mr. QUILL. Certainly some of them were. That action was originally brought by the attorney general, and he is primarily responsible for its enforcement.

Mr. RICE. You knew that gambling was going on at the Lookout House?

Mr. QUILL. I didn't physically and actually see it, but I think everybody knew there was gambling going on.

Mr. RICE. What position did you take with respect to the injunction?

Wait a minute. Before we leave that, you say you did not physically know that there was gambling going on.

Mr. QUILL. I said that I did not know that since I have been Commonwealth attorney there physically was gambling going on there. I have not been in the Lookout House to see. I once shot crap myself, and I testified in the Howard case and told where I had lost \$40.

Mr. RICE. When was that?

Mr. QUILL. At the Lookout House. I went there one night and wasted my substance to the extent of \$40. That was when I was a member of the general assembly. That was way back when I was much more foolish, in the early thirties.

Mr. RICE. Was that after the injunction?

Mr. QUILL. Yes. I suppose it would have been after the injunction.

Mr. RICE. When you were in the legislature?

Mr. QUILL. Yes, sir.

Mr. RICE. What years were you in the legislature?

Mr. QUILL. 1941 to 1945.

Mr. RICE. It wasn't so long ago.

Mr. QUILL. Not too long.

Mr. RICE. It wasn't in the early thirties.

Mr. QUILL. I am sure it wasn't because I only graduated from college in 1928 and I never finished law until after that.

Mr. RICE. You testified in the Howard case that in 1947 you lost \$40. That was not in the too distant past, then.

Mr. QUILL. That is right.

Mr. RICE. Can you help us to understand how that could be? Here you are the county attorney and then the Commonwealth attorney, having knowledge of an injunction, having knowledge of the State laws, having knowledge of this tremendous operation at the Lookout, as it surely must have been by reason of the fact that they handled over a million dollars in 2 years there, how do you account for those places continuing to operate?

Mr. QUILL. You mean only that one place, do you not? That was the only one in our county.

Mr. RICE. No.

Mr. QUILL. Which were the others?

Mr. RICE. How about the Kentucky Club, Kenton Club?

Mr. QUILL. They were comparatively small places, I think.

Mr. RICE. Did you look at the figures?

Mr. QUILL. I was speaking about the size of the places.

Mr. RICE. You know this other one was reasonably big?

Mr. QUILL. I am sure of that.

Mr. RICE. And it was run by the out-of-State mob.

Mr. QUILL. I don't know about that. I didn't know that until the committee developed it at the Cleveland hearing.

Mr. RICE. Did you think it was?

Mr. QUILL. Immediately after the Cleveland hearing information came out, we had it stopped within 24 hours, and they haven't turned a wheel since, nor do I intend to let them turn a wheel in the future while I am holding office.

Mr. RICE. Did this Goose case decision come to your attention?

Mr. QUILL. What case?

Mr. RICE. Goose versus Commonwealth.

Mr. QUILL. What do you mean?

Mr. RICE. It is 305 Kentucky 644. It talks about an injunction against gambling places. There was a question as to whose responsibility it was to pursue the injunction, to see that it was enforced. It was a question whether it should be the attorney general or the Commonwealth attorney.

Mr. QUILL. It could well be either, could it not?

Mr. RICE. Yes. The language says that the attorney general could join with the Commonwealth attorney or the Commonwealth attorney would have the power to institute such a proceeding on his own authority independently of the attorney general.

Mr. QUILL. That is right.

Mr. RICE. That would appear from that, then, that the Commonwealth attorney, which is you, did have the power to institute proceedings.

Mr. QUILL. I think if we had not successfully stopped that operation there, I would have had to go ahead with that injunction suit, and I would have done so, but since January there has been nothing to enjoin the operation of out there.

Mr. RICE. Yes; but for a couple of years while you were in office there was an open and flagrant situation going on.

Mr. QUILL. I was in office during 1949 and 1950. That is 2 years.

Mr. RICE. Yes.

Mr. QUILL. I might tell you that during that time I had to prepare and present over 500 felony cases to the grand juries that were sitting during that time, resulting in 352 indictments, all of which I had to present to the court and either try to take guilty pleas.

Mr. RICE. Are you trying to tell us you were too busy to handle this?

Mr. QUILL. No. But I did want you to understand that my work is not just with gambling. There are other crimes being committed. During that period of 8 grand juries I have returned and convicted 114 gambling indictments myself.

Mr. RICE. Has any gambler ever gone to jail in your county?

Mr. QUILL. Not yet. I answered you too rapidly. Twenty or twenty-five years ago there could have been a couple of them who went to jail.

Mr. RICE. At least during your term of office—

Mr. QUILL. During my 2 years and 6 months, no, sir. I had a strange experience there. I brought an indictment against this fellow Shollker. I brought that under the jail sentence.

Mr. RICE. The felony part?

Mr. QUILL. The day the indictment was returned that night the man dropped dead of a heart attack.

The CHAIRMAN. Was that because it was so unusual?

Mr. QUILL. It apparently was.

Mr. RICE. Maybe this will inspire you to go after some of the big-time boys that Senator Kefauver spoke about this morning. Here is the split these people took out of the Lookout House. Jimmie Brink's wife, \$33,860. B. W. Brink, \$16,930. Charles V. Carr, \$16,935. Mitchell Myer, \$20,858. John Croft, \$10,429. Samuel Schroeder, \$39,583. Louis Rothkopf, \$41,765. Morris Kleinman, \$41,765. Moe Dalitz, \$41,765. Louise K. Tucker, the wife of Samuel Tucker, \$41,765. Charles Polizzi, \$33,352.

Those are the shares of the partners of the Lookout House during the time you were in office.

Mr. QUILL. Are those figures available?

Mr. RICE. I think you might use your subpoena duces tecum to find out.

Mr. QUILL. We cannot bring witnesses from out of State. Giesey refused to come when he was asked.

Mr. RICE. This is a partnership. At least Brink resides in your county.

Mr. QUILL. I think that is right.

Mr. RICE. Wouldn't it be a simple expedient to subpoena Brink and call upon him for the production of the partnership records?

Mr. QUILL. I think that could be done.

Mr. RICE. Maybe we can inspire you to return one of these felony indictments against this mob that operates in Las Vegas, in Florida, in southern Ohio and in one or two places in Michigan. Definitely it is an organized big syndicate in the country.

Mr. QUILL. I appreciate the fact that you do want to inspire me. I love the verb, the way you tone it. But I do want to say here that I have Senator Taft's Republican newspaper here, the Kentucky Times-Star—I happen to be a Democrat—and they wrote an editorial about me and said, "Quill's courage deserves praise." I have it here.

They say, "Almost alone Jim Quill has improved law enforcement in Kenton County."

Mr. Florer's Protestant Action paid me the same compliment. I have the same clipping from that. I would like to file this with you, so you can see that I have attempted to do a reasonably good job, and I have made progress as the Times-Star said, which has never been made before.

The CHAIRMAN. We will receive it.

(The clippings referred to were marked "Exhibit No. 10" and are on file with the committee.)

Mr. RICE. Very commendable.

Do you know a man by the name of Lee Morand?

Mr. QUILL. Yes, sir. He was the foreman of the last jury.

Mr. RICE. Of this one that made the report?

Mr. QUILL. Yes. Incidentally, he is a legless man.

Mr. RICE. Do you know about his operating a horse book down at the Saddle Club?

Mr. QUILL. No, sir. I live near the Saddle Club.

Mr. RICE. You have never heard of that?

Mr. QUILL. That is at the end of Fort Mitchell. Lee Morand is supposed to run a horse book?

Mr. RICE. I am asking you.

Mr. QUILL. No, sir.

Mr. RICE. It is down in South Fort Mitchell, Saddle Club?

Mr. QUILL. Yes.

Mr. RICE. Who runs the book in the Saddle Club?

Mr. QUILL. I do not know. Do they have a book?

Mr. RICE. I think the McFarland report indicates they had a news ticker. What did you do about those 111 wire service horse race tickers that were published in May of 1950?

Mr. QUILL. I immediately got hold of them and turned them over to the chief of county police and the chief of Covington Police Department, likewise I did the same thing with the slot machine list, and I asked them to investigate and make arrests if there were any violations.

Mr. RICE. Was anyone prosecuted?

Mr. QUILL. Yes, sir. I prosecuted 114 of them.

Mr. RICE. For what?

Mr. QUILL. Gambling indictments.

Mr. RICE. These were the wire service operators?

Mr. QUILL. Some of them, yes, where there were handbooks. Others were slot machines.

Mr. RICE. Have any of them gone to jail?

Mr. QUILL. No, sir. I told you that once before.

The CHAIRMAN. Mr. Quill, you heard the testimony of Mr. Moloney, did you not, this morning?

Mr. QUILL. Yes, sir.

The CHAIRMAN. He impresses us as a straightforward and clean-cut and forthright individual who is rendering service to his community, holding an important position, of course, with the railroad. Does that correspond with your opinion of him?

Mr. QUILL. I think very highly of John Moloney. He is a candidate now for mayor. At least a lot of people think he is going to be. I

had John come up to the grand jury on one occasion and I asked him to tell about the trouble he was having with the city. He told them there wasn't anything he could do, that it was an administrative problem with the city.

The CHAIRMAN. His present candidacy, if he were a candidate, would not induce him to perjure himself here, would it?

Mr. QUILL. No; I am sure he did not do that.

The CHAIRMAN. So whatever facts he brought forth here are his best judgment?

Mr. QUILL. Certainly so. And he is a man of good judgment.

The CHAIRMAN. Have his previous statements over the period of time you have known him been in conformity with what he has said here today?

Mr. QUILL. I would say that all of the statements that John made today and all the statements that he has made since he has been a city commissioner have been highly consistent.

The CHAIRMAN. What he said before the grand jury was that he thought there were certain obligations on the part of the city administration, wasn't that so?

Mr. QUILL. He said he felt it was an administrative problem of the city.

The CHAIRMAN. He indicated that there was some knowledge around that there were certain pay-offs.

Mr. QUILL. Yes; I heard him say that this morning.

The CHAIRMAN. Had you heard him say that previously?

Mr. QUILL. No, sir.

The CHAIRMAN. Had you ever heard that from anybody else?

Mr. QUILL. No, sir.

The CHAIRMAN. No indication of that at all?

Mr. QUILL. No, sir. I was amazed to have heard it this morning, as a matter of fact.

The CHAIRMAN. You had never heard anything similar?

Mr. QUILL. John's complaint at that time was in connection with an effort on his part to have the city commissioners indicate to the chief of police a firm policy under which policy the police would actively and vigorously enforce the gambling laws, in particular within the limits of the city of Covington.

The CHAIRMAN. Had you heard before of the promises or inducements which were held out to him in the event he might change his attitude?

Mr. QUILL. No, sir. This morning was the first I ever heard of that.

Mr. RICE. You have at hand the grand jury report, the most recent one, dated June 27, 1951?

Mr. QUILL. Yes, sir.

Mr. RICE. You say here that the report which was written by the commonwealth attorney as requested by the grand jury "contains the findings and opinions of the grand jury. His views do not necessarily coincide."

Is there any place in here where your views do not coincide with the views of the grand jury?

Mr. QUILL. After having learned what the committee felt this morning, I wouldn't let my views coincide with the jury's views about the committee.

Mr. RICE. You do not concur with the comment made about the Senate committee?

Mr. QUILL. As I told you earlier, I think this committee has made my job tremendously easier than it was last year. Gambling laws are now easy to enforce within our jurisdiction and we are doing it successfully. Eighteen months ago you could not do it to save your life. You would walk up Madison Avenue and people would cross the street to keep from talking to you if you tried to enforce those laws rigorously.

Mr. RICE. It looks to me that very recently you departed in your views from those of the jury. This was June 27 when your views do not necessarily coincide, but you have taken a stronger position as of now.

Mr. QUILL. That is the jury's opinion, and I am giving you my personal position and views now.

Mr. RICE. Has your personal position changed recently?

Mr. QUILL. I like to think it has been consistent. I tried from the beginning, when I took office, to enforce the gambling laws against any open gambling that I found, and I did not stick my head in the sand and I did not stay home and not go places to avoid seeing it. I led raids myself. I have a detective, an investigator, an appointee of mine, who has the power of arrest. I do not. I took him and went out and made these raids in an effort to stop the open gambling. We did drive it at least behind the back doors in the early part. Now we think that, thanks to your help; we are rid of it.

Mr. RICE. Point No. 9 interests me again. The statement is made—Gambling had gone haywire in this county through the syndication of slot machines. Their reappearance must not be.

What does that mean, "had gone haywire"?

Mr. QUILL. You mean that language is not clear to you?

Mr. RICE. That is right. It is not clear to me.

Mr. QUILL. Maybe I used an unfortunate choice of words. I think what the jury meant was that in the past gambling was way too powerful, there was way too much, it was overdone, it was entirely too prevalent. In Kenton County it seemed to be personified and epitomized chiefly by the presence of slot machines. This grand jury felt very definitely that those slot machines had been driven out and they didn't want them to reappear. They wanted them kept out. They wanted the officials prosecuted if they failed to keep them out.

Mr. RICE. Had you ever heard it said that the word went out to close down the places during the time that the grand jury went into session?

Mr. QUILL. Yes, sir. I have heard that said many times.

Mr. RICE. How do you account for that?

Mr. QUILL. I cannot.

Mr. RICE. That was just the practice, a custom over the years; is that the idea?

Mr. QUILL. I said I cannot account for it and I really cannot. I do not know what that means. I am about it like you are about No. 9 in the jury report.

Mr. RICE. And you make a report here that the cessation that they are talking about, that gambling is now nonexistent, the cessation was due to the close and vigorous enforcement of the gambling laws by your law enforcement officials.

Mr. QUILL. That is right.

Mr. RICE. Is there any testimony before the jury about officials enforcing any laws?

Mr. QUILL. Yes, there were 2 or 3 days of testimony. That jury called in every law enforcement official in the county and questioned everyone of them, before and after the recess.

Mr. RICE. But as to practical results of anyone being prosecuted from the big mob or anyone going to jail, there is nothing there.

Mr. QUILL. No, sir; not yet.

Mr. RICE. Then it says, "At the time of our original convening, the only gambling in the county was slot machines and handbooks."

Do they concede that there were slot machines and handbooks operating there?

Mr. QUILL. I construe that to be a definite statement of fact; yes, sir.

Mr. RICE. But no action taken toward those things which they admit?

Mr. QUILL. Yes. You mean the jury did not indict?

Mr. RICE. Yes.

Mr. QUILL. That is right. The jury did return some gambling indictments. This final report could be a little deceptive. Under 17, where we say there are two indictments returned with this report, one being a handbook indictment, after the jury had been in session for 7 days, when it started on its recess, it returned some 35 or 40 indictments at that time and there were at least a half dozen gambling indictments among those I know.

The CHAIRMAN. Mr. Quill, you are an experienced prosecuting officer and a man of wide experience generally, having been in the legislature and otherwise. It is very apparent that you are quite conversant with conditions generally and you are a man of ability.

Mr. QUILL. Should I be worried about what is coming when you start out with a compliment?

The CHAIRMAN. No. I am asking you for a simple fact, whether you do not agree with us that widespread gambling activities such as have been shown here to have existed and are admitted could not exist without the connivance and the protection of law-enforcement officials.

Mr. QUILL. Well, I would say connivance and protection are two affirmative actions, are they not?

The CHAIRMAN. Would you say they possibly would be modified to the extent required without being allowed to do so?

Mr. QUILL. I would say permitted or suffered to happen. I know I tolerated a good bit of it simply because it has been there since I was born and I knew that was the way the community had grown and that is what it had all these years. I felt to improve that condition takes not only law enforcement but takes education.

The CHAIRMAN. Assuming, for the sake of discussion, that the extent of operation was as indicated by the testimony here, running up to a million dollars or more, and that the divisions among the people whom Senator Kefauver referred to today and in the sums that have been placed in the record here are accurate, assuming that the extent of the operations was as great as that, would you not think it would have been impossible for them to continue without being tolerated?

Mr. QUILL. I think that is a correct statement, Senator.

I might say those figures are astounding. We had looked at the thing and we knew that the Lookout House was there. We knew where it was. We knew that they had floor shows, that possibly 95 to 98 percent of their business came from across the river, from Cincinnati. We knew they employed a lot of people and that the place had been there a long time. That was the attitude the people had toward the place until your committee developed that syndication idea, and the people in Kenton County decided they wanted no part of this Cleveland outfit or any other out-of-town outfit.

The CHAIRMAN. Mr. Quill, wouldn't you think also that such widespread gambling operations with a large amount of money being realized from the operations could easily lead to corruption and to graft on the part of the police and other enforcement officials?

Mr. QUILL. I certainly think that it could, sir, yes, and maybe in many cases does.

The CHAIRMAN. And do you think it might have possibly existed in this case?

Mr. QUILL. I would certainly say it was within the realm of possibility.

The CHAIRMAN. The only reason I make that statement is because of this comment in the second paragraph of the letter referring to our Senate committee. I will read these three sentences. It states:

At that time it was a specific conclusion of the Senate Committee Investigating Crime in Interstate Commerce that the failure of law-enforcement officials to enforce the gambling laws was and is the primary reason for the existence of whatever gambling there was. The Senate committee's statement as to a "close financial and personal relationship between these law-enforcement officials and the gambling interests" was unsupported by any facts. It still is unsupported as to Kenton County. Obviously such a conclusion is based on the cynicism of the materialists who have long ago forgotten God and His commandments of justice and charity.

What did you base that on, Mr. Quill?

Mr. QUILL. I should like to say three things about it. First, I wanted to say when you complimented me in the beginning, you were sandbagging me, and here it is.

The CHAIRMAN. No.

Mr. QUILL. Secondly, I would say in regard to that that the jury had a definite feeling from the reading of the third interim report, page 68, or somewhere in there, out of which that quote came, that the way that report was written the evidence offered in support of that conclusion about Kenton County is a citation of things that went on in three counties up in Ohio somewhere. So while the topic sentence of that paragraph refer to Kenton, the proof is absent so far as Kenton is concerned. Lucas County in Toledo is referred to and two other counties in Ohio.

That was one of the things that the jury had in mind. That report which made the statement did not have proof right in it concerning our local community.

The CHAIRMAN. Apparently, though, Mr. Quill, you did not endeavor to find out what facts the committee had before you indulged in this rather severe condemnation of the fact that the committee members were entirely forgetful of God and His commandments.

Mr. QUILL. Of course, the answer to that must be, Senator, that that report is the jury's report and not mine.

The CHAIRMAN. Well, you were the one who wrote it.

Mr. QUILL. Yes, sir. I so indicated at the bottom.

The CHAIRMAN. They were your words.

Mr. QUILL. No. A juror happened to have thought of them.

The CHAIRMAN. Which juror? Which one do you think put those words in your head?

Mr. QUILL. I do not like to tell anything that is confidential or secret in connection with grand jury work. The jury would criticize me if I would. Also I do not like to deal in personalities.

The CHAIRMAN. I would not want you to disclose any confidential or secret information, but that is an unusual statement, to accuse a Senate committee of being composed of people who long ago have forgotten God and His commandments.

Mr. QUILL. I think so, too.

The CHAIRMAN. I was wondering since that is so unusual whether you would not remember who conceived that brilliant idea.

Mr. QUILL. I could. I am sure I can find out for you and inform you if you wish.

Mr. RICE. There is a statement in there, Mr. Quill, that while the report voices the majority feeling of the grand jurors, some of the grand jurors did not favor inclusion of handbooks along with the prohibition of slot machines. Was there an argument in the grand jury about whether handbooks should be allowed to operate? Was it discussed that books should be allowed to operate only, but slot machines be excluded?

Mr. QUILL. At the time the grand jury went into the circuit court to ask the judge for the recess over the 7-week period, the judge conducted an examination of the jurors and inquired about those various forms of gambling from the jury. The jury, as I recall it, seemed to recall slot machines as by far the greatest evil and they were unanimous in their attitude toward those. Three jurors felt differently about betting on horse races, handling books.

Mr. RICE. Just for our information, why was there a distinction made by the jurors that the slot machines were worse than handbooks? There isn't any question that the Kentucky statutes forbid both types of operation: is there?

Mr. QUILL. That is entirely correct.

Mr. RICE. How did they make that distinction as to the degree of evil?

Mr. QUILL. One of the things the judge said this morning can help to answer that question. Covington was the home of the Latonia horse racing track. For years they had raced up there and they had been betting on horses. They think it is a very normal and pleasant and sometimes profitable thing to do, to bet on horses.

Mr. RICE. For the bookie.

Mr. QUILL. For themselves. There are some hard-boots down there. Evidently the bookies have to make a living.

Mr. RICE. They didn't read the testimony about the man who operated the book in the adjoining county, Louis Rosenbaum. He testified up here. He was one of those who operated in northern Kentucky.

Mr. QUILL. I read about him.

Mr. RICE. The record will bear me out. He was asked how much taxes he had paid, income taxes he had paid in 1948, and he said two hundred. He was asked two hundred what, and he said two hundred

grand. It looked like a profitable venture for him. I cannot conceive of anybody betting with him making anything out of it. It is difficult for us to determine any distinction as to whether slot machines ought to be excluded and horse books to be permitted when the statute out-laws them both.

MR. QUILL. There is nothing in the law to support such a distinction and the only way it can be explained and accounted for is what, at least in my opinion, I have attempted to tell you about the difference in attitude toward betting on horses and the playing of slot machines.

MR. RICE. What has become of the wire service down there, Mr. Quill?

MR. QUILL. I do not know, sir. What do you mean?

MR. RICE. Are there wire tickers down there?

MR. QUILL. Not in Kenton County.

MR. RICE. How do you know that?

MR. QUILL. Because I have sent my investigator around to check minutely and daily.

MR. RICE. To see if he could find them?

MR. QUILL. To bring in the telephone and the defendant to my office if he finds them.

MR. RICE. The Western Union tickers. There were 111 in there a year ago.

MR. QUILL. I am sure there is not one today.

MR. RICE. Because your investigator tells you so?

MR. QUILL. That is one of the reasons. The horse players will tell you that they cannot pay on horses.

MR. RICE. Weren't there two bookies picked up last week?

MR. QUILL. I am sure about one. I read it in the papers as I was coming here last week.

MR. RICE. They had wire service.

MR. QUILL. I don't know. They were picked up by the city police.

MR. RICE. Did you check that?

MR. QUILL. It occurred while I was en route here.

MR. RICE. We have learned from other prosecutors sometimes a good technique to determine the extent of the horse book in an area is to ask Western Union or the wire service the identity of the ticker services in your area, which you can do on subpoena duces tecum. It is frequently very enlightening. You can tell then how many major horse parlors are running in your county.

MR. QUILL. I can see where it would be.

MR. RICE. Do you know a fellow by the name of Harold Walker?

MR. QUILL. Yes, sir.

MR. RICE. What business is he in?

MR. QUILL. I do not think he is in any business. I started out practicing law with him at 10 West Fifth Street. In 1941 Walker bought a cafe and quit the practice of law and moved uptown. I couldn't tell you too much about him since then.

MR. RICE. Did you ever hear that he stopped practicing law to get into the wire service business?

MR. QUILL. No, sir; I did not. He owned a cafe there when he quit practicing law. He bought a cafe at 514 Madison Avenue.

MR. RICE. And the wire service was run in the room over the cafe.

MR. QUILL. I think it is 514 Madison, Mr. Rice.

MR. RICE. The 514 Club?

Mr. QUILL. That is right. He sold that some time ago to a man named Kappis, who operates it.

Mr. RICE. The records of the McFarland committee indicate that there was a ticker there, but I do not know whether it was in his name or not. He was a representative of the particular service.

He was a former law partner of yours, you say?

Mr. QUILL. No. We were associated. We shared the expenses of a joint office.

The CHAIRMAN. That will suffice, Mr. Quill. Thank you very much.

Mr. QUILL. Thank you very much, Senator. I appreciate coming here. May I go home, if I wish, sir?

The CHAIRMAN. Yes.

Mr. QUILL. By the way, may I ask you: Is there some way that a guy can recover his transportation and a little per diem from the committee?

The CHAIRMAN. That will be provided for.

Mr. Berndt, in the presence of Almighty God, do you swear that the testimony you give shall be the truth, the whole truth, and nothing but the truth?

Mr. BERNDT. I do.

TESTIMONY OF HENRY A. BERNDT, SHERIFF, KENTON COUNTY, KY.

The CHAIRMAN. Will you kindly give us your full name, please?

Mr. BERNDT. Henry A. Berndt, Lakeside Park, Kenton County, Ky.

The CHAIRMAN. Your last name is spelled how?

Mr. BERNDT. B-e-r-n-d-t.

The CHAIRMAN. What is your position, Mr. Berndt?

Mr. BERNDT. Sheriff of Kenton County.

The CHAIRMAN. How long have you been sheriff?

Mr. BERNDT. I was sheriff one term before, 1938 to 1941. Then I have been sheriff last year and this year.

The CHAIRMAN. In the period intervening between your first term and this, what were you?

Mr. BERNDT. I have been in the garage business for 30 years.

The CHAIRMAN. In Covington?

Mr. BERNDT. Yes.

The CHAIRMAN. Mr. Rice.

Mr. RICE. Sheriff, you say you went into office about January 1950, the last time?

Mr. BERNDT. January 1950.

Mr. RICE. You are still in office?

Mr. BERNDT. Yes, I am in office now.

Mr. RICE. Are you the chief law-enforcement officer of the county?

Mr. BERNDT. I am the chief law-enforcement officer. I am the chief fire marshal. I am the chief dog catcher. I am the chief tax collector. I guess I have probably 150 duties according to the statute.

Mr. RICE. How many men do you have under you, Sheriff?

Mr. BERNDT. Nine men.

Mr. RICE. You cover the county?

Mr. BERNDT. No, we don't. I presume when you say that, you are talking about law enforcement.

Mr. RICE. Yes.

Mr. BERNDT. No; we don't.

Mr. RICE. What part of the county do you cover?

Mr. BERNDT. We have six men who are in the office as tax collectors. We collect the taxes in our county. I have three men who serve processes. Right now I am trying to deal with a school board of the county to get an increase of 1½ percent on the collections of their taxes. John Shephard, who is the attorney for the school board, tells me that I cannot use any of my tax-collection money for the operation of my other department, other than the tax collecting. I have one man on the writ desk who keeps records of all summons.

Mr. RICE. How many men do you have out checking on violations of the law other than tax collecting?

Mr. BERNDT. None.

Mr. RICE. You do not have any men out?

Mr. BERNDT. None.

Mr. RICE. Why is that?

Mr. BERNDT. Because I do not have them. I do not have money to pay them. According to John Shephard, who is the attorney for the school board—

Mr. RICE. You say you do not have any men to enforce the law?

Mr. BERNDT. Mr. Clancy, my chief deputy, goes out with Mr. Mer-shon and Mr. Armstrong, Mr. Quill's detective, whenever we can find time from our tax collecting, and so forth, and so on.

Mr. RICE. Is that your main job, tax collecting?

Mr. BERNDT. That is our main job.

Mr. RICE. When you were sheriff before, back in 1938 to 1941, was the situation any different with respect to the number of persons?

Mr. BERNDT. It was worse then.

Mr. RICE. Why?

Mr. BERNDT. Because our assessed valuation wasn't there to pay the men.

Mr. RICE. So you did not have men to enforce the law in 1941 when you left?

Mr. BERNDT. That is right.

Mr. RICE. You ran for office in 1948?

Mr. BERNDT. That is right. No, in 1949.

Mr. RICE. You ran in 1948?

Mr. BERNDT. Ran in 1949.

Mr. RICE. And you took office in 1950. When you ran, did you complain during your candidacy that you would not be able to do your job?

Mr. BERNDT. No, sir; I did not.

Mr. RICE. When you took office in 1950, you knew what you were getting into?

Mr. BERNDT. That is right.

Mr. RICE. You took an oath of office, didn't you?

Mr. BERNDT. Yes, sir.

Mr. RICE. You swore to uphold and enforce the laws?

Mr. BERNDT. Yes, sir. To the best of my ability.

Mr. RICE. To the best of your ability?

Mr. BERNDT. That is right.

Mr. RICE. Anything in the oath about that?

Mr. BERNDT. The county judge gave it to me. You can read it. I do not know just what it says, but to the best of my ability, that is what I have done. My man, Mr. Claney, has made inspections with Mr. Mershon, chief of the county police, and Mr. Armstrong.

Mr. RICE. Let's go real slow. You are talking about inspections.

Mr. BERNDT. That is right.

Mr. RICE. What are you talking about now?

Mr. BERNDT. When Mr. Armstrong, Mr. Quill's detective, and—

Mr. RICE. Mr. Quill's detective?

Mr. BERNDT. That is right.

Mr. RICE. Yes.

Mr. BERNDT. And Mr. Mershon, county detective, or the county police chief and Harry Claney.

Mr. RICE. Who is he? Who is Claney?

Mr. BERNDT. He is my chief deputy.

Mr. RICE. He is a deputy sheriff?

Mr. BERNDT. That is right.

Mr. RICE. All right.

Mr. BERNDT. They have made numerous inspections whenever I could spare him. Mr. Claney ordinarily works in Judge Goodenough's court and also works in the tax department with me.

Mr. RICE. He has split duties, then?

Mr. BERNDT. That is my trouble right now.

Mr. RICE. What is your trouble?

Mr. BERNDT. Well, I have been before the school board during the last 3 months and I am in hopes of getting back for the 1st, when they meet again, on Wednesday. I want to try to get more fees, 2½ percent instead of 1 percent of the school taxes.

Mr. RICE. You told us that you made inspections. When did those inspections start that you told us about? What month?

Mr. BERNDT. We knocked off the Kentucky Club the first part of last year, the Kenton Club.

Mr. RICE. Was that as a result of your inspections?

Mr. BERNDT. We went up and knocked them off.

Mr. RICE. That was in January 1950?

Mr. BERNDT. That is right.

Mr. RICE. When did you start inspecting the various clubs?

Mr. BERNDT. I would say maybe in April. The raid was in March. We started in April. I would presume around that time. I wouldn't want to say just exactly what time.

The CHAIRMAN. Of 1950?

Mr. BERNDT. Yes. The same year I went into office.

Mr. RICE. They were closed for 4 or 5 days during that time?

Mr. BERNDT. I imagine they were closed longer than that.

Mr. RICE. Let's get down to the inspections. Let's talk about these inspections. You said you started an inspection procedure. Can you fix the time you started those inspections?

Mr. BERNDT. Around April or May.

Mr. RICE. 1950?

Mr. BERNDT. Yes.

Mr. RICE. What happened in January, February, and March? No inspections?

Mr. BERNDT. I told you we raided and took the Kentucky Club.

Mr. RICE. Let's talk about the inspections.

Mr. BERNDT. I would say there is a month or so that we were organizing the office and getting things set up. I think the first place we knocked off was the Kenton Club.

Mr. RICE. Let's forget about the knocking off. Let's talk about the inspections.

Mr. BERNDT. Mr. Clanev has gone out with Mr. Mershon and Mr. Armstrong at various times, whenever I could spare him from the office.

Mr. RICE. Would that be once a month?

Mr. BERNDT. Sometimes it would run oftener than that.

Mr. RICE. What would they do? Would they make a report to you?

Mr. BERNDT. Yes.

Mr. RICE. In writing?

Mr. BERNDT. It just came in with one of your yellow pads there and it would have the date of the inspection and where they were, like the Lookout House.

Mr. RICE. Yes, like the Lookout House.

Mr. BERNDT. Or the Cabana, the Hillcrest, and all the way out on the highway.

Mr. RICE. What would the report say, Sheriff?

Mr. BERNDT. That they just found no gambling.

Mr. RICE. Found no gambling?

Mr. BERNDT. No gambling.

Mr. RICE. What would you do with the reports?

Mr. BERNDT. Mr. Clanev has them in his office.

Mr. RICE. Mr. Clanev has them?

Mr. BERNDT. He is my chief deputy. He has them in his desk.

Mr. RICE. Would you look at all the reports?

Mr. BERNDT. Yes, sir.

Mr. RICE. Do you have one for every month?

Mr. BERNDT. No.

Mr. RICE. Are there any months missing?

Mr. BERNDT. Quite a few. From the 15th of September until the 15th of April we are quite busy with our tax collections.

Mr. RICE. So that in some of those months you do not get around, do you?

Mr. BERNDT. We do not really try to make any attempt at the law enforcing. Last year I was under \$175,000 bond for collection of taxes. There is a whole lot of that KRS that says the sheriff should do.

Mr. RICE. Yes, sir.

Mr. BERNDT. You just cannot do all of that. You gentlemen must realize that.

Mr. RICE. Do the people know that?

Mr. BERNDT. They should know that.

Mr. RICE. Did you tell them that?

Mr. BERNDT. I appeared before every grand jury and told them.

Mr. RICE. Told them that you just could not do it?

Mr. BERNDT. Yes, sir. There is not a grand jury that has been in since I have been in office that I haven't told the same thing.

Mr. RICE. You attribute that to lack of money?

Mr. BERNDT. There is nothing else.

Mr. RICE. Maybe some of that money that is leaving that county down there, if it stayed there—

Mr. BERNDT. We collect 97 percent of our taxes.

Mr. RICE. And you have some pretty good collectors who live out in Nevada named Kleinman and Rothkopf and others.

Mr. BERNDT. Until your committee came into the picture, we had never heard of them.

Mr. RICE. Mr. Quill said they took \$40 of his and made off with it.

Mr. BERNDT. I do not think Mr. Quill said he knew they took it.

Mr. RICE. They were at the Lookout House.

Mr. BERNDT. I do not think Mr. Quill or any other citizen of Kenton County knew that there was an out-of-town element in the Lookout House. I am sincere in that.

Mr. RICE. It is too bad they didn't know that because it looks like nearly a million dollars came out of Kenton County.

Mr. BERNDT. Most of that came out of Hamilton County.

Mr. RICE. I am talking about Lookout House. That is in your county.

Mr. BERNDT. I would say 97 to 98 percent of the people who visit Lookout House are from Hamilton County and from New York and Cincinnati and San Francisco and all over the country. I thought you were inferring the money was coming out of Kenton County.

Mr. RICE. Yes.

Mr. BERNDT. I say all of their business was out of State.

Mr. RICE. Mr. Quill stated—

Mr. BERNDT. I believe Mr. Quill would substantiate that.

Mr. RICE. He said he lost \$40 out of there.

Mr. BERNDT. Maybe he did.

Mr. RICE. He said he did.

Mr. BERNDT. I believe I said 97 to 98 percent.

Mr. RICE. As a matter of fact, you never checked up to find out, so you really do not know.

Mr. BERNDT. I do not know.

Mr. RICE. According to the law, the Kentucky law, it says in section 70160 that the sheriff or the deputies shall at least once each month visit and inspect each public place in his county where music is furnished or permitted or where there is a road house or restaurant and he shall report in writing to the county attorney his conclusions, together with the name and address of witnesses as to disturbances and what not. You take the position that you just do not do that?

Mr. BERNDT. It also says rooming houses, tourists camps, and the like.

Mr. RICE. It says road houses, it doesn't say anything about rooming houses.

Mr. BERNDT. There is something in the statute about rooming houses also.

Mr. RICE. Or where men and women are furnished rooms for lodging.

Mr. BERNDT. That is right. Go down to the next section of the statute where it allows him \$1,500.

Mr. RICE. I don't see that.

Mr. BERNDT. It is in there.

Mr. RICE. What is the point there?

Mr. BERNDT. Let me tell you how that law was passed. There is, for example, Robinson County with 600 population. Those sheriffs did not make \$25 a week. The Sheriffs Association of Kentucky had

that law passed so that they could furnish them \$1,500 just to help make up their salaries. When you refer back, take a look at Jefferson County and our county. Jefferson has half a million people. Our county has 125,000. I would have to make approximately 1,800 reports a month before I could claim that, and I would get \$1,125.

Mr. RICE. It all adds up to your being unable to do that?

Mr. BERNDT. Yes, sir.

Mr. RICE. It was impossible for you to do it before when you were sheriff?

Mr. BERNDT. That wasn't the law then.

Mr. RICE. When you ran for office you knew it was impossible?

Mr. BERNDT. Yes, sir.

Mr. RICE. Still you ran for office in a position where you could not accomplish that?

Mr. BERNDT. I couldn't accomplish that.

Mr. RICE. It makes it a violation of law where the sheriff fails to act or there is an omission either by himself or by the deputy sheriffs, and they shall be responsible. It goes on to make that a criminal violation capable of sending you to jail and relieving you of most of your duties.

Mr. BERNDT. No, sir; it doesn't say that.

Mr. RICE. It says the sheriff shall be liable for the acts or omissions of his deputy.

Mr. BERNDT. That is not in that section of the statute that you were just talking about. That is in our oath of office. It also says in there that I am chief fire marshal. I should attend all fires and make a report on them. It also says I should go out and have cameras on tripods and measuring rods, and one thing or another, and check up on all road accidents. With nine men at \$200 a month, and you have to get them to furnish their own automobile, why, that is an impossibility. We have an antiquated constitution that needs revision.

I will tell you the truth about the situation of a sheriff in Kentucky.

Mr. RICE. Let me read you this. In section 350, it says:

Any peace officer having knowledge or information of the commission of an offense, or who has knowledge of any person aiding or abetting an offense, who fails to arrest or cause to be arrested immediately the person offending and take him before the proper court, shall be fined not less than \$1,000 and shall be imprisoned for not less than 6 months and shall forfeit his office.

So, if you were running for an office in 1948 which you knew you could not conceivably fill——

Mr. BERNDT. Yes, sir.

Mr. RICE. You were subjecting yourself to the possibility of going to jail for it.

Mr. BERNDT. I do not think I will go to jail for it.

Mr. RICE. You do not think you will. However, if the letter of the law were strictly adhered to, it would be possible.

Mr. BERNDT. If the letter of the law were strictly adhered to, I would be furnished enough money to operate my office efficiently and cover the 50 different sections of the KRS.

Mr. RICE. What is that?

Mr. BERNDT. Kentucky Revised Statutes. There needs to be a change in that antiquated constitution. We had it up in 1947, to have it changed, and the people voted it down. You cannot expect a man to go out and do all these things.

Right now John Shephard is refusing to pay me the extra 1½ percent. We will probably go to court about that. I have to get an answer tomorrow night—the 1st, Wednesday night.

MR. RICE. I think you have a fine position, and you are in somewhat of an embarrassing position by reason of circumstances somewhat beyond your control, but about which you know.

MR. BERNDT. That is right. I am under a bond of \$175,000 for that dough and I must take care of that. I try to serve the courts faithfully and honestly.

THE CHAIRMAN. Senator Kefauver.

SENATOR KEFAUVER. The main thing, then, Sheriff, as to this gambling and what not that goes on, is that you just do not have the manpower to do something about it. Is that your position?

MR. BERNDT. Senator, that is right.

SENATOR KEFAUVER. You know it is going on.

MR. BERNDT. I believe that it is.

SENATOR KEFAUVER. How many places have been operating in your county since you have been in?

MR. BERNDT. You mean cafes?

SENATOR KEFAUVER. I mean how many of these gambling casinos.

MR. BERNDT. I would say only the one.

THE CHAIRMAN. The Lookout?

MR. BERNDT. The Lookout House.

SENATOR KEFAUVER. We have had evidence about quite a number of those.

MR. BERNDT. You will find a lot of little places. I don't think there is any doubt about that.

SENATOR KEFAUVER. You knew they were operating pretty well.

MR. BERNDT. Yes; I believe they were operating. I would have to say that because I have a list. You ordered our commonwealth attorney to send it to me.

MR. RICE. Yes.

MR. BERNDT. I got that list. I knew if they took out a license they were doing something.

SENATOR KEFAUVER. You knew they were operating, but you did not have the manpower to do anything about it.

MR. BERNDT. I do not think it is fair to pick out one fellow and let another fellow run.

SENATOR KEFAUVER. You want to let them all run?

MR. BERNDT. No; I want them all to be closed.

MR. RICE. You hit some of them.

MR. BERNDT. I hit the Kentucky Club and the Kenton Club. It took all afternoon to haul the paraphernalia out of there.

SENATOR KEFAUVER. How many people did you arrest?

MR. BERNDT. I think it was just Bud Clark who took the rap.

SENATOR KEFAUVER. Someone took the rap?

MR. BERNDT. Either Bud Clark or John Walsh. I do not know who was the one who took the rap. That was a month or so after I took office.

SENATOR KEFAUVER. Who decides on who is going to take the rap?

MR. BERNDT. I could not tell you that, Senator.

SENATOR KEFAUVER. You like someone to take the rap?

MR. BERNDT. Not me. I don't care who takes the rap. We went up and we took stacks of checks. We mused them all up.

Senator KEFAUVER. When did that start up again?

Mr. BERNDT. I don't know. I imagine maybe—

Senator KEFAUVER. A couple of weeks after that?

Mr. BERNDT. I wouldn't want to say whether it was 2 weeks or a month or when.

Senator KEFAUVER. Did you go back to get them again?

Mr. BERNDT. No; I did not go back to get them again. Here I am with my tax collections, my serving three courts, serving all subpoenas and notices. Senator, let me tell you this: Can you imagine a State where you will drive 76 miles for $18\frac{1}{4}$ cents to serve a paper?

Senator KEFAUVER. You asked for it, Sheriff.

Mr. BERNDT. That is right. That is what I am giving them. I serve papers and serve them well.

Senator KEFAUVER. Sheriff, how much do you make out of your job?

Mr. BERNDT. \$7,200.

Senator KEFAUVER. Is that a salary?

Mr. BERNDT. That is a salary. I have to earn it. I am \$3,800 in the red up to the first of this year. If I do not get this increase from the schools from 1 to $2\frac{1}{2}$ percent, I am going to wind up approximately \$5,000 in the red this year. The State pays me but it takes my fees and gives 25 percent of them to the county.

Senator KEFAUVER. You get \$7,200, in which event you have to earn it?

Mr. BERNDT. I have to earn it. If I do not make it, then I won't get money at the end. If I am in the red, and it looks that way for the last 2 years, I do not get any salary. In other words, it is a fee proposition.

Senator KEFAUVER. I do think that in most places I know about the law enforcement officers are very greatly underpaid. It is a terrible situation. In some places they have a police officer or sheriff working for very, very little and expect to get the type of men that are needed, with honesty and courage that is required, but, of course, \$7,200 is a pretty good salary.

Mr. BERNDT. I cannot pay my men, Senator, more than \$200 a month, but they have to furnish their own automobile. I furnish the gas, but they pay for their tires and everything else.

Senator KEFAUVER. Have you ever asked for more money?

Mr. BERNDT. I have to ask myself. I am asking the school board for more money.

Senator KEFAUVER. Did you ask the county board for it?

Mr. BERNDT. They have nothing to do with it. It is a matter of statute.

Senator KEFAUVER. Did you ask that the statute be amended?

Mr. BERNDT. The sheriffs' association had a bill passed through the senate last year whereby we would get more money for serving papers, but it was lost before it got to the house and they never passed it. You know that you cannot drive 76 miles for $18\frac{1}{4}$ cents. It just isn't in the book. If it is a summons, it is 45 cents, gentlemen. I am talking about a notice or subpoena. If it is a summons it is 45 cents.

Senator KEFAUVER. I do think, Sheriff, and I am not condoning your lack of enforcement of the law, since you admit you haven't enforced the law and the record down there shows that it hasn't been enforced, but your reasons are that you did not have the manpower, and I have a feeling you could have done better if you had tried harder. I think these groups that are interested in law enforcement should make a

study of the salary and compensation paid enforcement officers all over the country and go to bat for them. We have a tabulation of what their pay is and in most places an enforcement officer is pitifully underpaid.

Mr. BERNDT. There is no doubt about it.

Senator KEFAUVER. Sheriff, did you receive a letter from George Robinson, the associate counsel of this committee?

Mr. BERNDT. No, sir.

Mr. RICE. I think he sent one to somebody in this county.

Mr. BERNDT. In fact, I did not know I was supposed to come up here.

Senator KEFAUVER. I do not mean recently. This was about the wire-service operations.

Mr. BERNDT. No, sir; I didn't.

Senator KEFAUVER. You know about those places?

Mr. BERNDT. Which?

Senator KEFAUVER. The bookie operations.

Mr. BERNDT. I know about handbooks, but I did not receive any letter or any word.

Senator KEFAUVER. Wasn't that in the papers about where all the handbooks were located?

Mr. BERNDT. Those were slot machines.

Senator KEFAUVER. When the McFarland committee made its report, took this testimony in May of 1950, it had a list of 111 places. There seems to be four or five pages.

Mr. BERNDT. A 111 what?

Senator KEFAUVER. It had addresses of all the places in your county that had wire service, showing they had handbooks.

Mr. BERNDT. I didn't see that.

Senator KEFAUVER. Did you ever get any of these handbook operators?

Mr. BERNDT. Kenton Club was the only one.

Senator KEFAUVER. Have you arrested any of these 111 people?

Mr. BERNDT. Kenton Club and the 627 Club, which is what we were talking about. Those are the two biggest in town. I cannot get the little ones. I got the big ones when I did get them.

Senator KEFAUVER. You did not bother about the little ones?

Mr. BERNDT. I got the big ones.

Senator KEFAUVER. Do you know any of these big-time operators who come out of Ohio?

Mr. BERNDT. I never heard of them.

Senator KEFAUVER. Are you sure you have never heard of them?

Mr. BERNDT. I do not believe I have.

Senator KEFAUVER. You never heard of Moe Dalitz, Kleinman, Rothkopf, McGinty—that quintet?

Mr. BERNDT. I do not believe there is a person in Kenton County that ever heard of any one of those fellows—and that takes in everyone.

Senator KEFAUVER. Sheriff, you must have heard about them after January.

Mr. BERNDT. Yes. I am talking about before your committee exposed them.

Senator KEFAUVER. You did not know they were operating at all?

Mr. BERNDT. Until you people told us.

Senator KEFAUVER. Have you been on the lookout for them since then?

Mr. BERNDT. No, sir.

Senator KEFAUVER. Why haven't you?

Mr. BERNDT. You said on the lookout for them?

Senator KEFAUVER. Have you been on the lookout for these big-time operators?

Mr. BERNDT. I do not believe any of them come to the county. I wouldn't know one of them and wouldn't know where to start looking for them. I do not believe any of them were in the county, at least to my knowledge.

Senator KEFAUVER. You haven't been out to the Lookout Club to inquire about it?

Mr. BERNDT. Yes; Mr. Claney, Mr. Mershon, and Mr. Armstrong have made 15 or 20 inspections there.

Senator KEFAUVER. But do you know whether they inquired for Dalitz, Kleinman, McGinty, and Rothkopf, and Polizzi?

Mr. BERNDT. No. They looked for gambling paraphernalia.

Senator KEFAUVER. It seems you are trying to grab the paraphernalia and you are not worried about the big fellows. You let the little fellows take the rap and you do not go after the big fellows.

Mr. BERNDT. Until your committee named the big fellows—those names you mentioned from the Cleveland hearing—as I told you before. I do not believe anybody in Kenton County ever knew of them, ever knew they were interested in Lookout House or anything about it. I really do not think so.

Senator KEFAUVER. Sheriff, you are paying our committee quite a tribute, but it has been in articles that these gentlemen of the press have been writing about the activities of this gang a long time before we entered the picture. It has been known for a long time that they operated these places in Kentucky, and it has been printed very frequently.

Mr. BERNDT. Senator, I do not like to differ with you, but I do not believe that anybody in Kenton County—this is right from the bottom of my heart and I am under oath—ever heard of any of them until you exposed them. That is sincere and really I do not think anybody ever heard of them or knew of them until you exposed them.

Senator KEFAUVER. How about this fellow Schroeder. Do you know him?

Mr. BERNDT. I think he is connected with the Beverly Hills.

Senator KEFAUVER. Who is the front for Lookout Club, Mr. Rice?

Mr. RICE. Jimmy Brink.

Senator KEFAUVER. Schroeder is not? He is in the other county?

Mr. RICE. No, sir. He is in the Lookout, too.

Senator KEFAUVER. Do you know Jimmy Brink?

Mr. BERNDT. Yes.

Senator KEFAUVER. Why don't you get him?

Mr. BERNDT. I did.

Senator KEFAUVER. What happened to him? Did he get fined or go to jail?

Mr. BERNDT. They were fined and their equipment all busted up.

Senator KEFAUVER. How many gamblers have you gotten in jail since you have been sheriff?

Mr. BERNDT. In jail? None in jail.

The CHAIRMAN. There was one 25 years ago.

Mr. BERNDT. They are indicted and pay fines.

SENATOR KEFAUVER. This team of Croft, Myer, Schroeder, in addition to Jimmy Brink—do you know them?

Mr. BERNDT. I wouldn't know any of them.

The CHAIRMAN. That is all, Sheriff. Thank you very much.

Mr. Warren.

TESTIMONY OF FRED M. WARREN, CITY SOLICITOR, NEWPORT, KY.

The CHAIRMAN. In the presence of Almighty God, do you swear the testimony you will give shall be the truth, the whole truth, and nothing but the truth?

Mr. WARREN. I do.

The CHAIRMAN. Your full name, please.

Mr. WARREN. Fred M. Warren.

The CHAIRMAN. What is your address?

Mr. WARREN. My office address is 9 East Fourth Street, city of Newport. My residence address is 630 East Third Street, Newport.

The CHAIRMAN. Your present position is?

Mr. WARREN. City solicitor for the city of Newport.

The CHAIRMAN. For how long have you been city solicitor at Newport?

Mr. WARREN. Since January 1950.

The CHAIRMAN. Did you hold any office prior to that time?

Mr. WARREN. Not in the city of Newport; no, sir.

The CHAIRMAN. Elsewhere in the State of Kentucky?

Mr. WARREN. Yes.

The CHAIRMAN. What other office?

Mr. WARREN. Police judge of the city of Southgate in 1930. That was before Beverly Hills. Also I was city attorney at Southgate.

The CHAIRMAN. Mr. Rice.

Mr. RICE. You have been present during most of the testimony here today, Mr. Warren?

Mr. WARREN. Yes, sir.

Mr. RICE. You are from the county immediately adjacent to the county that we have been talking about? You are from Campbell County, as distinguished from Kenton County?

Mr. WARREN. That is correct.

Mr. RICE. Campbell County is immediately to the east of Kenton and includes the city of Newport, just south of Cincinnati?

Mr. WARREN. Yes, sir.

Mr. RICE. Tell us the names of some of the gambling casinos that have been operating in your county.

Mr. WARREN. What do you mean by their having operated in our county?

Mr. RICE. In the past the notorious, big casinos.

Mr. WARREN. Prior to 1950 there were notorious gambling places at the Merchants Club, which is 15 East Fourth Street, the Yorkshire on York Street in Newport. There was the Flamingo Club, which is on York Street in Newport.

There was also the Alexandria Club on Alexandria Pike in Newport. There was Beverly Hills Country Club in Southgate.

Mr. RICE. That is out of the county?

Mr. WARREN. That is right.

Mr. RICE. So far all you name are in the city limits.

Mr. WARREN. The Latin Quarter, on Licking Pike.

Mr. RICE. That is in the county?

Mr. WARREN. That is right. Wilders, Ky.

Mr. RICE. You say in 1950 they were shut down?

Mr. WARREN. I said that prior to 1950 most of those were in operation.

Mr. RICE. What happened in 1950?

Mr. WARREN. An organization known as NCA, the new Civic Association, was organized in 1949 with the purpose of cleaning up Newport.

Mr. RICE. In general, who composed that group, Mr. Warren?

Mr. WARREN. I cannot say. I do not know.

Mr. RICE. Representative citizens?

Mr. WARREN. Right. It was organized when I was not living in Newport. My residence was Fort Thomas. It was organized by civic-minded businessmen. They chose a ticket of four outstanding first-timers in politics to compose a board of commissioners. They were offered to the electorate of Newport, and for the first time in the history of Newport that entire slate was elected. They took office in January 1950, and Mr. Malcolm Rhoads was chosen their city manager. He subsequently offered to me the city solicitorship, which I accepted.

In March we made a concerted drive to eliminate gambling, prostitution, and other vices in the city of Newport and to a large measure previous gambling that had been condoned was eliminated.

Mr. RICE. Did that group prove to be successful in obtaining some injunctions?

Mr. WARREN. No. They never attempted any.

Mr. RICE. Were there some injunctions granted at one time in connection with Campbell County?

Mr. WARREN. Yes, sir.

Mr. RICE. Tell us what those were.

Mr. WARREN. I do not have personal knowledge. That was when I was not home. I was in the service at that time.

Mr. RICE. You were down at Fort Thomas?

Mr. WARREN. No, sir. I was in the service.

Mr. RICE. I see. Go ahead.

Mr. WARREN. Injunction proceedings were instituted, I think, in 1942 or 1943. They were started on behalf of the attorney general by Charles E. Lester, Jr., who was instrumental in having these abatement suits and injunctions commenced in our Campbell circuit court.

Mr. RICE. They were permanent injunctions against some of the gambling operations similar to the injunction against the Lookout House?

Mr. WARREN. Yes, sir. There was long litigation that lasted about a year, during which time, I understand, all gambling was eradicated. However, after judgment was entered and injunctions had against many known gamblers they resumed their previous operations and continued to operate until, as I said, early in 1950.

Mr. RICE. Just by way of background and not with any inference against you, how is it possible to have injunctions, permanent injunctions granted against these places which once were operating—such as Beverly Hills, for instance—

Mr. WARREN. No, sir. As I recall it, it was not against any particular building. It was against the individual.

Mr. RICE. Were these individuals, these principals, later identified with the Beverly Hills and Yorkshire Clubs and others?

Mr. WARREN. Yes, sir.

Mr. RICE. How is it conceivable that these injunctions can be on the books and the people continue to operate? It is not reconcilable ordinarily. That is inconsistent. How do you explain those things to the people there?

Mr. WARREN. It has never been explained, sir.

Mr. RICE. Do the people know about that?

Mr. WARREN. Yes, sir.

Mr. RICE. They just leave those things up in the air?

Mr. WARREN. Yes, sir. Maybe we are all to blame for that. I think that any individual could have taken action. It seems to me that is worthless. We have statutes in Kentucky that prohibit gambling and they in themselves are sufficient, so the injunctions are superfluous.

Mr. RICE. Well, here we have a mandate of the court, which would presumably cause the judge who issued it to feel that any person violating that would be particularly contemptuous of his mandate.

Mr. WARREN. That is right.

Mr. RICE. He might indicate a particular interest, an individual interest, in seeing that his injunctions were enforced.

Mr. WARREN. That is right. In that respect, of course, it is in addition to the statutory prohibition.

Mr. RICE. Yes. That is just one of those things that is not explained. Is that the idea? Do you know what judge it was who issued those injunctions?

Mr. WARREN. It was a special judge. No; I cannot tell you.

Mr. RICE. Who is the judge there now?

Mr. WARREN. Judge Ray Murphy.

Mr. RICE. He is in the county court?

Mr. WARREN. No sir; he is in the circuit court.

Mr. RICE. In the circuit court?

Mr. WARREN. Yes, sir.

Mr. RICE. It was his court from which it was issued?

Mr. WARREN. Yes; I think the judge was a party to the suit. If not, then he on his own motion vacated and a special judge was appointed. So, Judge Murphy had nothing to do with that action.

Mr. RICE. Does your own office have any jurisdiction over gambling, Mr. Warren?

Mr. WARREN. Yes, sir. Any law-enforcement agency has jurisdiction over gambling.

Mr. RICE. What is the situation since, well, let's go back to January of 1951, with respect to the casino gambling within your jurisdiction?

Mr. WARREN. So far as I know—and I have personally investigated the matter on numerous occasions, although I am not a law-enforcement officer—in the law department in the city of Newport we have a city solicitor and a city prosecutor.

Mr. RICE. Yes.

Mr. WARREN. The city prosecutor prosecutes all actions in the city court, the city police court. He also usually prepares the warrant.

Now, answering your question specifically, to the best of my knowledge and sincere belief, gambling has been eradicated in the city of Newport, except for, oh, minor cheating that may go on, which has been reduced, I would say, to the limit that can be expected in a community of that size.

Mr. RICE. Well, I think I will have to go right along with you. I think our records will show that our staff member who went out in that area was stopped when he attempted to go into the Yorkshire about a month ago, but did gain access and did gamble in both the Beverly, I believe, and the Latin Quarter, which are out of the county.

Mr. WARREN. Yes, sir.

Mr. RICE. Now the Alexandria, though, I think he said he did a little gambling in there. That is in the city; isn't it?

Mr. WARREN. Yes, sir.

Mr. RICE. He said as to the Alexandria Club:

Mr. NELLIS. As to the Alexandria Club you were there; were you not?

Mr. GODDARD. Yes, sir.

Mr. NELLIS. And did you observe gambling there?

Mr. GODDARD. Yes.

The CHAIRMAN. When?

Mr. GODDARD. This was on—let me think a minute—it was actually Wednesday morning, which would be June 5 or 6, because it was after midnight. To be specific, it was after 2 o'clock, because I looked at my watch and I have been told that they had a 2 o'clock curfew in the places.

They had two tables in the room where the bar was, one on each side of the large door that led into the bar. One was a blackjack table and the other was a chuck table.

Mr. NELLIS. Now, do you have any chips that you picked up at any of these clubs?

Mr. GODDARD. Now, about those chips, yes; I stuck a chip in my pocket.

Mr. WARREN. Yes, sir. The Alexandria Club is owned and operated by Harry Dennert, whose attorney is Charles E. Lester, Jr.; and, as I said before, the abatement proceedings were instituted back in 1942 or 1943, by Mr. Lester.

Mr. RICE. What was the first name of Dennert?

Mr. WARREN. Harry.

Mr. RICE. Harry?

Mr. WARREN. I am sorry. It is Arthur.

Mr. RICE. Arthur.

Mr. WARREN. That is right. That combine, Dennert and Lester, has been a very severe headache to the administration since we have gone into office. While others have cooperated to an extent that when they found out that we were sincere in our effort to eliminate gambling, they have practically gone out of business, but Mr. Dennert has habitually and repeatedly defied us in every respect and has done all in their power to break down the morale and the efforts of the administration. He is protected, advised, and assisted on all his operations by a very skillful and shrewd attorney, and we find it very difficult to combat that combination.

Mr. RICE. You are talking about Mr. Lester, now?

Mr. WARREN. Correct.

Mr. RICE. I think for the record, Senator Kefauver, Mr. Lester appeared with Chief Gugel up in Cleveland.

Senator KEFAUVER. Yes.

Mr. WARREN. Now, we have raided the Alexandria Club, if I may use that word "raid" on several occasions. We passed a special ordi-

nance which we thought would eliminate, to some extent, his operations, but that ordinance was held unconstitutional by our police court and we are appealing that now.

The city manager has placed in that business two detectives, who stay there from 10 o'clock at night until he closes. They just sit there. That is their whole duty. We hope that we have him whipped. We don't know if we have or not.

MR. RICE. How long ago was that, that that occurred, Mr. Warren?

MR. WARREN. In the last, I would say, 6 weeks.

MR. RICE. That is going on right now?

MR. WARREN. Correct.

MR. RICE. Two detectives are sitting in the Alexandria Club every night?

MR. WARREN. Yes, sir.

MR. RICE. Prior to that time, how do you account for the Alexandria Club operating? Do you think there was any protection there?

MR. WARREN. I have no reason to believe that there has been during the present administration.

The CHAIRMAN. How about in the past?

MR. WARREN. In the past, I think they all were protected to some extent. That is my opinion. I have no proof of it.

The CHAIRMAN. In other words, do you think they could have operated so openly and so regularly and for such protracted periods without protection?

MR. WARREN. It would have been impossible to do so.

The CHAIRMAN. All right.

MR. WARREN. I thought that when this administration went into office all that would be necessary to do to close up the places was to make a sincere statement that gambling is over. However, I found out that I was too naive, that they met every new move with counterforces, and you have to be on your toes all the time.

The CHAIRMAN. Mr. Warren, just in that general connection, and again asking your opinion based on your general knowledge of conditions in that section, are you familiar with the references in the interim report of this committee as to the Kentucky situation, particularly as to the syndicate, the Cleveland syndicate, coming in and the operation of the various clubs, all of which are named, and I happened to read them at the outset of today's hearings, I don't know whether you happened to be here at the time or not—

MR. WARREN. No, sir; I was not here, but I think I am familiar with it.

The CHAIRMAN. Do you think, generally speaking, that the comments in the report are well founded and that the conditions alleged to exist did exist?

MR. WARREN. Yes, sir. I don't think there is any question about that.

The CHAIRMAN. Yes, sir.

MR. WARREN. However, I do not believe they exist now.

The CHAIRMAN. Yes. I was referring to the past. I am glad to have you give us the benefit of your knowledge as to the previous conditions and as to the present.

MR. WARREN. Yes, sir.

The CHAIRMAN. Did it represent, in the aggregate, quite a sizable undertaking? Don't you think so?

Mr. WARREN. Very much so; yes, sir.

The CHAIRMAN. All right. Mr. Warren, we are very much obliged to you.

Mr. WISE. Mr. William J. Wise?

A VOICE. Senator, he just took Judge Murphy some place and said he would be right back.

(Discussion off the record.)

The CHAIRMAN. Very well. Mr. CONNOR.

Mr. CONNOR, will you raise your right hand, please.

In the presence of Almighty God, do you swear the testimony you shall give shall be the truth, the whole truth, and nothing but the truth?

Mr. CONNOR. I do.

TESTIMONY OF LEONARD J. CONNOR, SERGEANT AT ARMS OF THE SENATE OF THE STATE OF KENTUCKY

The CHAIRMAN. Now, Mr. Connor, what is your full name, please?

Mr. CONNOR. Leonard J. Connor.

The CHAIRMAN. And what is your address?

Mr. CONNOR. 2841 Ashland Avenue, Latonia.

The CHAIRMAN. Latonia, Ky.

Mr. CONNOR. Kentucky.

The CHAIRMAN. How long have you lived there, Mr. Connor?

Mr. CONNOR. Since 1937.

The CHAIRMAN. Have you any connection with the State or local government?

Mr. CONNOR. I am sergeant at arms of the senate.

The CHAIRMAN. You are sergeant at arms of the Senate of the State of Kentucky?

Mr. CONNOR. Yes.

The CHAIRMAN. For how long have you been sergeant at arms?

Mr. CONNOR. Since 1942.

The CHAIRMAN. Do you have any other business or occupation?

Mr. CONNOR. I operate the Turf Club.

The CHAIRMAN. You operate the Turf Club?

Mr. CONNOR. Yes, sir.

The CHAIRMAN. Where is the Turf Club located?

Mr. CONNOR. 10 West Southern Avenue in Latonia.

The CHAIRMAN. 10 West Southern Avenue, Latonia?

Mr. CONNOR. Yes, sir.

The CHAIRMAN. And for how long have you been operating the Turf Club?

Mr. CONNOR. Since 1937.

The CHAIRMAN. 1937?

Mr. CONNOR. Yes.

The CHAIRMAN. And, Mr. Connor, have you been operating it continuously since then?

Mr. CONNOR. Yes.

The CHAIRMAN. All right. Thank you.

I want to ask you if you will please keep your voice up and talk out loud. Thank you very much, Mr. Connor.

Mr. Rice, will you proceed with the questioning.

Mr. RICE. You say you have been sergeant at arms of the Kentucky State Senate?

Mr. CONNOR. That is right.

Mr. RICE. How long have you been there?

Mr. CONNOR. Since 1942.

Mr. RICE. And you are still there?

Mr. CONNOR. Still there.

Mr. RICE. That is 10 years.

Mr. CONNOR. I am sergeant at arms right now.

Mr. RICE. Yes. Your first name is what?

Mr. CONNOR. Leonard.

Mr. RICE. Leonard?

Mr. CONNOR. Yes, L-e-o-n-a-r-d.

Mr. RICE. And where do you live?

Mr. CONNOR. 2841 Ashland Avenue.

Mr. RICE. Do you have a place of business?

Mr. CONNOR. 10 West Southern Avenue, Latonia, the Turf Club.

Mr. RICE. The Turf Club?

Mr. CONNOR. Yes.

Mr. RICE. What is the Turf Club, Mr. Connor?

Mr. CONNOR. It is a bar.

Mr. RICE. And it has a liquor license, then?

Mr. CONNOR. Yes.

Mr. RICE. What is the type of ownership there, proprietorship or corporation?

Mr. CONNOR. I am the owner.

Mr. RICE. You are the individual owner?

Mr. CONNOR. Yes.

Mr. RICE. You are the licensee on the liquor license?

Mr. CONNOR. I am.

Mr. RICE. How much of a place is it?

Mr. CONNOR. Well, the barroom is 22 by 20—very small.

Mr. RICE. 22 by 20?

Mr. CONNOR. Yes, sir.

Mr. RICE. Any other—is it a two-story building?

Mr. CONNOR. No; single story.

Mr. RICE. It is a one-story building?

Mr. CONNOR. Yes, sir.

Mr. RICE. Are there any other rooms there besides the barroom?

Mr. CONNOR. Yes; there is a back room. It is 22 by 40.

Mr. RICE. What goes on in the back room?

Mr. CONNOR. I run a handbook.

Mr. RICE. You run a handbook there?

Mr. CONNOR. Yes, sir.

Mr. RICE. How long have you been running that handbook, Mr. Connor?

Mr. CONNOR. Since about the same time.

Mr. RICE. Since when?

Mr. CONNOR. 1937, approximately 1937.

Mr. RICE. That is when the Turf Club started?

Mr. CONNOR. Yes.

Mr. RICE. And do you run the handbook yourself?

Mr. CONNOR. Yes, sir.

Mr. RICE. You actually take the bets yourself?

Mr. CONNOR. Well, my brother works it; he does that.

Mr. RICE. What is his name?

Mr. CONNOR. Frank.

Mr. RICE. Do you have wire service there?

Mr. CONNOR. Yes.

Mr. RICE. When did you first get your wire service?

Mr. CONNOR. Oh, I think it would be around that time, 1936 or 1937; the exact year I could not tell you.

Mr. RICE. With whom did you do business in getting the wire service?

Mr. CONNOR. W. R. Cullen.

Mr. RICE. Where did you get hold of him?

Mr. CONNOR. Well, over in Cincinnati, at the Atlas Bank Building, at that time. I don't know where he is now.

Mr. RICE. Well, have you stopped getting wire service?

Mr. CONNOR. Now we have; yes.

Mr. RICE. When did you stop?

Mr. CONNOR. We have not had any service since Derby Day.

Mr. RICE. Since Derby Day?

Mr. CONNOR. Yes, of 1951.

Mr. RICE. What happened then to stop it?

Mr. CONNOR. The grand jury came in.

Mr. RICE. Well, did the grand jury come over and tell you to stop?

Mr. CONNOR. No.

Mr. RICE. What caused you to stop?

Mr. CONNOR. Just stopped.

Mr. RICE. You didn't just stop; did you?

Mr. CONNOR. I just stopped.

Mr. RICE. You did it voluntarily?

Mr. CONNOR. Yes.

Mr. RICE. Whom did you call up?

Mr. CONNOR. Nobody.

Mr. RICE. You were paying for the service?

Mr. CONNOR. Yes.

Mr. RICE. What did you pay?

Mr. CONNOR. \$28.60.

Mr. RICE. Whom were you paying that to?

Mr. CONNOR. A fellow by the name of "Red," and that is all I know him by.

The CHAIRMAN. How did you arrive at the \$28.60 figure?

Mr. CONNOR. They arrived at that. That is the cost. I don't know how they arrived at it.

Mr. RICE. They gave you no explanation for that amount?

Mr. CONNOR. No.

The CHAIRMAN. Has it been that much over the whole period?

Mr. CONNOR. Just about; yes, the same thing.

Mr. RICE. What was it when you first started?

Mr. CONNOR. I think it was \$25.

Mr. RICE. And sometime later it went up to \$28.60 a week?

Mr. CONNOR. Yes.

Mr. RICE. Where does that come from?

Mr. CONNOR. Where does it come from?

Mr. RICE. Yes.

Mr. CONNOR. I don't know. I haven't the slightest idea.

Mr. RICE. Does it come in on a ticker?

Mr. CONNOR. No. I have never seen a ticker in Kenton County in my life.

Mr. RICE. Do you have, or what did you have, a loud-speaker?

Mr. CONNOR. Yes.

Mr. RICE. You had an audio set-up?

Mr. CONNOR. Yes, an amplifier.

Mr. RICE. And was that hooked into a telephone?

Mr. CONNOR. No, sir.

Mr. RICE. It was a Western Union wire that came in?

Mr. CONNOR. No; no Western Union wire.

Mr. RICE. How does it work?

Mr. CONNOR. There is some wires; I don't know who put them up. I suppose the service people put them up.

Mr. RICE. And you have got a loud-speaker?

Mr. CONNOR. That is right.

Mr. RICE. You paid this fellow "Red" that comes around?

Mr. CONNOR. That is right.

Mr. RICE. Do you pay by check?

Mr. CONNOR. No, in cash.

Mr. RICE. You pay in cash?

Mr. CONNOR. Yes.

Mr. RICE. Do you keep books?

Mr. CONNOR. Yes.

Mr. RICE. Who is your bookkeeper?

Mr. CONNOR. Me and my wife.

Mr. RICE. You and your wife?

Mr. CONNOR. Yes.

Mr. RICE. Where is your bank account located?

Mr. CONNOR. In the First National Bank of Latonia.

Mr. RICE. Is that in your own name?

Mr. CONNOR. It is.

Mr. RICE. Do you have a checking account?

Mr. CONNOR. Well, very small. I have a checking account there, yes.

Mr. RICE. That is a checking account?

Mr. CONNOR. I have two of them, one for the bar and one personal account.

Mr. RICE. How about the horsebook checking account?

Mr. CONNOR. I don't have any horsebook checking account.

Mr. RICE. You run that on a cash basis?

Mr. CONNOR. Yes.

Mr. RICE. Do you have any other bookkeeper besides yourself?

Mr. CONNOR. None whatever.

Mr. RICE. Do you make out your own tax returns?

Mr. CONNOR. No; Morty Ryan does.

Mr. RICE. Who?

Mr. CONNOR. Morton Ryan.

Mr. RICE. Who is he?

Mr. CONNOR. A tax man in Covington.

Mr. RICE. Did Quill ever help you with that?

Mr. CONNOR. Never.

Mr. RICE. You are sure about that?

Mr. CONNOR. I am sure about it. I said "No."

Mr. RICE. How about Walker, did you ever have any transactions with Harold Walker?

Mr. CONNOR. Never.

Mr. RICE. Did you ever get wire service from him?

Mr. CONNOR. No.

Mr. RICE. Did you ever hear of him?

Mr. CONNOR. Until today, when you said something to Quill about it, I never knew him. I mean, I never knew about him being in that business. I thought he was still practicing law.

Mr. RICE. Well, the only person you dickered with was a fellow by the name of what?

Mr. CONNOR. Cullen.

Mr. RICE. How did you get in touch with him?

Mr. CONNOR. That has been so long ago, I really don't remember.

Mr. RICE. Did you go locate him, or did he come around and find you?

Mr. CONNOR. I called him up.

Mr. RICE. You called him up?

Mr. CONNOR. Yes.

Mr. RICE. Somebody else told you where to get him?

Mr. CONNOR. Yes.

Mr. RICE. And that was at a number in Cincinnati?

Mr. CONNOR. Yes; in Cincinnati.

Mr. RICE. You made the dicker and got wire service?

Mr. CONNOR. I called him up. I don't know whether you would call it dickering or not.

Mr. RICE. From the time you started with your wire service way back in the thirties until Derby time—

Mr. CONNOR. May 5.

Mr. RICE (continuing). May 5 of 1951, were there any interruptions in the service?

Mr. CONNOR. What do you mean by "interruptions"?

Mr. RICE. Well, did you have it all the time?

Mr. CONNOR. Oh, yes; I think—not all the time.

The CHAIRMAN. Not when the grand jury was in session?

Mr. CONNOR. We did not have it then. Is that what you meant?

The CHAIRMAN. Yes.

Mr. CONNOR. We don't have it during grand jury time.

Mr. RICE. You don't have it during grand jury time. Well, how does that work?

Mr. CONNOR. I don't know.

Mr. RICE. You are in the business. You know.

Mr. CONNOR. Well, we just quit. We just quit work. No one ever told me to quit or to start.

The CHAIRMAN. Well, did you notify the news service people?

Mr. CONNOR. Well, no. I think it was taken for granted.

The CHAIRMAN. The news service people and all the fellows in the bookie business, they took it for granted that when the grand jury was in session they were out, and they stopped?

Mr. CONNOR. Yes.

The CHAIRMAN. And then when the grand jury adjourned, everybody resumed operations?

Mr. CONNOR. Yes; several days later.

The CHAIRMAN. You would allow just a few days, and then you would go back to normal operations?

Mr. CONNOR. That is right.

The CHAIRMAN. How many days did they stay out after the grand jury was out?

Mr. CONNOR. Well, sometimes 3 or 4 days, sometimes a week.

The CHAIRMAN. How would you notify the news service people about that?

Mr. CONNOR. Well, rumors, I suppose. They turned it on. All you had to do was to turn the button on, you just turn your speaker on to see if it is on, and if it is there, it is there.

The CHAIRMAN. Would the other fellows in the bookie business do the same thing?

Mr. CONNOR. Well, I suppose so.

The CHAIRMAN. So far as you know?

Mr. CONNOR. So far as I know. I don't know anything about it.

The CHAIRMAN. Were all of your operations over that 14-year period—was it from 1937 to 1951?

Mr. CONNOR. 1937. I am sure that is the correct date.

The CHAIRMAN. Were they all across to Cincinnati?

Mr. CONNOR. Well, now, Senator, I don't know where it comes from.

The CHAIRMAN. Well, you negotiated with them.

Mr. CONNOR. Yes; at a Cincinnati phone number, but I have never seen the office at all. I have never seen it in my life.

The CHAIRMAN. But you are reasonably sure it is not in Newport?

Mr. CONNOR. I would not make a statement there, because I don't know. I really do not know where it is.

The CHAIRMAN. You communicated with Cincinnati in order to get the service?

Mr. CONNOR. Yes; but that was a long time ago.

Mr. RICE. You got it and have been paying \$25 or \$28.60 a week to Cincinnati, so far as you know?

Mr. CONNOR. That is right.

The CHAIRMAN. All right.

Mr. RICE. During that grand jury time, that there is a shut-down on the wire service, do you pay for the service during that time?

Mr. CONNOR. No.

Mr. RICE. That is an automatic understanding, too?

Mr. CONNOR. That is right.

Mr. RICE. I notice, according to the McFarland report, that you are a subscriber to the service from the Ace Research Service of Newport. Did you ever hear of them?

Mr. CONNOR. Ace Research?

Mr. RICE. Yes. And they in turn get it from Cleveland, from "Mushy" Wexler's outfit.

Mr. CONNOR. I never heard of the name Ace.

Mr. RICE. You say you turn a button on?

Mr. CONNOR. You turn a loudspeaker on.

Mr. RICE. Suppose you miss a race, and you didn't hear very well, and you want to call and check the results.

Mr. CONNOR. You call somebody else in the bookie business. It is much easier.

Mr. RICE. You call another bookie?

Mr. CONNOR. Yes.

Mr. RICE. Suppose you get an interruption of service, or a breakdown, or something goes wrong with your receiver, then whom do you call?

Mr. CONNOR. If something went wrong with the receiver, I would call Hemlock—these boys named Biedenhorn. They have nothing to do with the service.

Mr. RICE. What is their name?

Mr. CONNOR. They call them the Radio Twins.

Mr. RICE. The Radio Twins?

Mr. CONNOR. Yes.

Mr. RICE. What are their names?

Mr. CONNOR. I think the name is Biedenhorn.

The CHAIRMAN. You merely call them to repair it?

Mr. CONNOR. Yes, but one time, I think there was only one time that I ever had to have them fix it. A tube blow out. All he is is a radio man. He has nothing to do with the book, bar, or anything. He has a radio shop.

Mr. RICE. All this time haven't you had a technical breakdown between the transmitter and your receiver there?

Mr. CONNOR. No, I never have.

Mr. RICE. And if you miss a race, you call another bookie?

Mr. CONNOR. That is the way I do.

Mr. RICE. Who do you call?

Mr. CONNOR. Well, I have the numbers. I don't intend to mention any names, who they are. I don't know who I have been talking to.

Mr. RICE. Where do you keep the numbers?

Mr. CONNOR. At the place.

The CHAIRMAN. Were there many of them?

Mr. CONNOR. Now. I always called one or two. There are different fellows you can call.

The CHAIRMAN. You would call one out of a number?

Mr. CONNOR. I don't know who I was talking to.

Mr. RICE. You had the utmost confidence in what they would tell you, that it would be right?

Mr. CONNOR. Yes, but that happened very seldom.

Mr. RICE. Wouldn't it be possible to call Newport or Cincinnati and find out?

Mr. CONNOR. I don't even know a number in Newport to call.

Mr. RICE. Do you take any telephone action?

Mr. CONNOR. Well, very little, very little.

Mr. RICE. What percentage of your business would you say you took over the telephone?

Mr. CONNOR. Well, it would be—it would not be 1 percent.

Mr. RICE. And 99 percent were people who went to the back room?

Mr. CONNOR. That is right. And not too much of that.

Mr. RICE. You did not hold everything; you laid off some of your action, did you not?

Mr. CONNOR. Well, some of the big business I did.

Mr. RICE. Some of the big business?

Mr. CONNOR. Yes.

Mr. RICE. Who would you lay it off with?

Mr. CONNOR. Sometimes I would give it to my brother, and he would go to different places to bet it. I don't know where he would take it. I never did have big action. Mine is a small place.

Mr. RICE. Well, the smaller you have, the more you lay off.

Mr. CONNOR. It isn't that small.

Mr. RICE. Did you ever lay any off to Louis Rosenbaum—"Rosey"?

Mr. CONNOR. I never seen the man in my life.

Mr. RICE. A lot of people did not see him, but they talked to him.

Mr. CONNOR. No.

Mr. RICE. Did you ever lay off anything out of State?

Mr. CONNOR. No.

Mr. RICE. You are sure about it?

Mr. CONNOR. I am sure about it.

Mr. RICE. You never laid any off in Cincinnati?

Mr. CONNOR. Never did in my life.

Mr. RICE. You laid off to whom did you say?

Mr. CONNOR. I did not say. My brother would take it.

Mr. RICE. It is your operation, now, let's level here.

Mr. CONNOR. He works for me.

Mr. RICE. So you knew who he was laying it off to?

Mr. CONNOR. It was——

Mr. RICE. It was a mystery to you?

Mr. CONNOR. All I wanted to be sure was that I would be on the bet.

Mr. RICE. Who decided when you were going to lay off something?

Mr. CONNOR. Me.

Mr. RICE. You made the decision?

Mr. CONNOR. I made the decision.

Mr. RICE. Now, you say, or you would say, "Lay off so much of this bet"?

Mr. CONNOR. He wouldn't necessarily know it was lay-off. I might tell him to bet me \$5 or \$10 on this horse.

Mr. RICE. How would he do that, by telephone?

Mr. CONNOR. No.

Mr. RICE. He would walk out with it?

Mr. CONNOR. I didn't have any accounts with anybody. There is no bookmaker that I know that I could even bet with. You have to have money up, and I don't have an account.

Mr. RICE. He would take the money and go some other place and bet it?

Mr. CONNOR. Yes.

Mr. RICE. And actually lay the bet?

Mr. CONNOR. That is right.

Mr. RICE. What odds did you pay?

Mr. CONNOR. What odds?

Mr. RICE. Yes.

Mr. CONNOR. Thirty to one.

Mr. RICE. How much?

Mr. CONNOR. Thirty.

Mr. RICE. Thirty for win?

Mr. CONNOR. Thirty—twelve—six.

Mr. RICE. Thirty, twelve, and six?

Mr. CONNOR. Yes.

Mr. RICE. Now, did you also have some slot machines in there?

Mr. CONNOR. I had four of them.

Mr. RICE. Four machines?

Mr. CONNOR. Yes.

Mr. RICE. What became of those?

Mr. CONNOR. Well, they are out now.

Mr. RICE. Well—

The CHAIRMAN. Everything is closed down?

Mr. CONNOR. Everything is closed down.

Mr. RICE. What type of machines were they?

Mr. CONNOR. Two nickels, a dime, and a quarter.

Mr. RICE. Where did you get them?

Mr. CONNOR. I bought them at Sicking Bros. in Cincinnati.

Mr. RICE. At Sicking Bros.?

Mr. CONNOR. Yes.

Mr. RICE. Do you know what type of machines they were?

Mr. CONNOR. No.

Mr. RICE. Whether they were Mills or Jennings?

Mr. CONNOR. I think they were Mills.

Mr. RICE. They were Mills?

Mr. CONNOR. Yes.

Mr. RICE. And they came from Chicago. Did you buy them outright or buy a part of them?

Mr. CONNOR. I bought them outright.

Mr. RICE. How much did you pay for them, do you know?

Mr. CONNOR. I don't remember.

Mr. RICE. A long time ago?

Mr. CONNOR. A long time ago.

Mr. RICE. You have been paying a Federal tax on them since?

Mr. CONNOR. That is right.

Mr. RICE. Now, then, it was possible to buy them from Sicking Bros. What year was that, approximately?

Mr. CONNOR. Well, I would say around 1940, maybe 1940 and 1941.

Mr. RICE. You didn't deal with any syndicate boys on that?

Mr. CONNOR. No.

Mr. RICE. You bought them outright and installed them and kept them up ever since?

Mr. CONNOR. That is right.

Mr. RICE. Did they ever need service?

Mr. CONNOR. Yes.

Mr. RICE. Who services them?

Mr. CONNOR. I do.

Mr. RICE. Yourself?

Mr. CONNOR. Yes.

Mr. RICE. Do you service any other machines?

Mr. CONNOR. No.

Mr. RICE. Just your own?

Mr. CONNOR. Yes.

Mr. RICE. All right, sir. What became of the machines?

Mr. CONNOR. I have got them at home.

Mr. RICE. You have them at home?

Mr. CONNOR. Yes.

Mr. RICE. In your house?

Mr. CONNOR. Yes.

Mr. RICE. Whereabouts?

Mr. CONNOR. 2841 Ashland Avenue.

Mr. RICE. What part of your house?

Mr. CONNOR. In the cellar.

Mr. RICE. Why did you put them in your cellar?

Mr. CONNOR. Well, because I was not using them. I wanted them out of the place.

Mr. RICE. When did you move them?

Mr. CONNOR. Oh, I don't know. Maybe it was June, sometime in June.

Mr. RICE. Of this year?

Mr. CONNOR. Of this year.

Mr. RICE. Just a month ago?

Mr. CONNOR. Around a month ago.

Mr. RICE. What are you going to do with them?

Mr. CONNOR. I don't know.

Mr. RICE. Are you going to keep them?

Mr. CONNOR. I intend to.

Mr. RICE. Are you going to open up again?

Mr. CONNOR. I don't know.

Mr. RICE. You may?

Mr. CONNOR. I don't know.

Mr. RICE. But it is possible you might, then?

Mr. CONNOR. Well, I don't know how possible it is.

Mr. RICE. You don't know that you are going to open?

Mr. CONNOR. I don't know whether I am or whether I am not.

Mr. RICE. You have not made up your mind, have you?

Mr. CONNOR. I have not made up my mind.

Mr. RICE. Yes.

The CHAIRMAN. Or some other people have not made up their minds?

Mr. CONNOR. Well, I will put it this way, I have not made up my mind.

Mr. RICE. Are you waiting for any word to help you make up your mind?

Mr. CONNOR. No.

Mr. RICE. What are you waiting for?

Mr. CONNOR. Well, I don't know what I am waiting for. I am just waiting.

Mr. RICE. Just waiting?

Mr. CONNOR. Just waiting.

Mr. RICE. Now, then, you had four machines and a horse book?

Mr. CONNOR. Yes.

Mr. RICE. How many employees did you have in the horse book, just you and your brother?

Mr. CONNOR. Yes—no; I had another brother to mark the board, a younger brother—two brothers.

Mr. RICE. You kept a blackboard?

Mr. CONNOR. No; just sheets, not a blackboard.

Mr. RICE. The wall charts?

Mr. CONNOR. Wall sheets.

Mr. RICE. Where did you get those?

Mr. CONNOR. This fellow "Red" brings them.

Mr. RICE. The same fellow who collects for the wire service?

Mr. CONNOR. No; it is not. It is another boy. I don't know what this boy's name is.

Mr. RICE. It is just a boy that comes around?

Mr. CONNOR. Yes.

Mr. RICE. What do you call him?

Mr. CONNOR. I don't call him anything. I am very seldom ever there when he comes. He comes in the morning.

Mr. RICE. What do you pay him for the wall charts?

Mr. CONNOR. I think they cost around \$18 a week. It is all according to how many tracks are running. It varies.

Mr. RICE. Yes. You say you pay this fellow in cash, then?

Mr. CONNOR. Yes.

Mr. RICE. What is the total gross expense? Take the year 1950, you ran all year in 1950, didn't you, with no interruptions, except for the 7 days when the grand jury was in session?

Mr. CONNOR. I don't remember.

Mr. RICE. You don't remember?

Mr. CONNOR. I don't remember.

Mr. RICE. It was just last year.

Mr. CONNOR. I know, but I still don't remember whether there was any interruption.

Mr. RICE. You didn't have any arrests or shut-down or anything like that? It was a normal year, wasn't it?

Mr. CONNOR. I believe it was; yes.

Mr. RICE. What was your gross expense?

Mr. CONNOR. I would not know.

Mr. RICE. Of the operation?

Mr. CONNOR. I would not know.

Mr. RICE. Do you keep separate books on your gambling operation?

Mr. CONNOR. Yes.

Mr. RICE. And do you keep separate books on the slots and separate books on the horses?

Mr. CONNOR. Yes.

Mr. RICE. Do you take any other type of action, numbers, or policy?

Mr. CONNOR. No.

Mr. RICE. Just horses?

Mr. CONNOR. Yes.

Mr. RICE. You don't have any table games in your Turf Club?

Mr. CONNOR. Yes—I do not.

Mr. RICE. Are you sure of that?

Mr. CONNOR. Very sure.

Mr. RICE. And no crap table?

Mr. CONNOR. No.

Mr. RICE. Dice?

Mr. CONNOR. No.

Mr. RICE. Cards?

Mr. CONNOR. No.

Mr. RICE. Did you ever have a card game in there?

Mr. CONNOR. Never—oh, we play pinochle; yes.

Mr. RICE. It was not a house game?

Mr. CONNOR. No.

Mr. RICE. In 1950, what did it cost you for your news service and your scratch sheets and your other expenses to run the business?

Mr. CONNOR. I would not know offhand.

Mr. RICE. Well, you keep the books?

Mr. CONNOR. I have not got them with me.

Mr. RICE. You can tell us within a reasonable amount.

Mr. CONNOR. You could figure that the service would be \$28.60 a week.

The CHAIRMAN. Was that more or less a general price?

Mr. CONNOR. I believe it is. I really don't know.

The CHAIRMAN. It is very evident that you were in touch with other bookmakers.

Mr. CONNOR. I never did ask them.

The CHAIRMAN. I thought it would be just a matter of conversation, as to whether you would be interested to find out whether you were paying more or less than they.

Mr. CONNOR. Well, it didn't seem like too much, so I never did ask anybody.

Mr. RICE. So far as you know, it was a general price?

Mr. CONNOR. That is right.

Mr. RICE. Well, I think, Senator, that most of the investigation established that the average price across the country is \$40 a week. However, it is interesting to note in connection with Kenton County that there were 111 tickers going there at one time, and that \$28 a week would aggregate something better than \$3,000 a week to the local distributor of the wire service.

The CHAIRMAN. Yes.

Mr. RICE. Well, give us the gross figures on your business, Mr. Connor—do they call you Duke?

Mr. CONNOR. That is right.

Mr. RICE. Duke Connor?

Mr. CONNOR. That is right.

Mr. RICE. What was your over-all income in 1950?

Mr. CONNOR. I don't know. I didn't bring any of that material with me.

Mr. RICE. What is the closest you can come to it?

Mr. CONNOR. 1950 was very slow, so far as I am concerned.

Mr. RICE. How close can you come? \$50,000?

Mr. CONNOR. In the bookie business?

Mr. RICE. In books and slots.

Mr. CONNOR. You mean the business I took in?

Mr. RICE. Yes.

Mr. CONNOR. No.

The CHAIRMAN. Including the slot machines?

Mr. CONNOR. No; it would not be that much.

Mr. RICE. Well, how much would it be?

Mr. CONNOR. The bar runs \$33,000 or \$34,000 a year.

Mr. RICE. Gross?

Mr. CONNOR. Gross.

Mr. RICE. What do you net on that?

Mr. CONNOR. I think I netted last year about, I think around \$6,500 on the bar. I think that is what it was.

Mr. RICE. That is a reasonable percentage.

Mr. CONNOR. As I say, I don't remember. I don't think it is fair to ask me those questions.

Mr. RICE. We are not pinning you down to nickels and dimes, but you are a businessman, and you are certainly accountable, within a reasonable degree of certainty, as to the amount of business you did.

Mr. CONNOR. That is the bar, and my book last year, I didn't make any money with it at all.

Mr. RICE. How much did you handle?

Mr. CONNOR. Well, I wouldn't know.

Mr. RICE. Well, approximately?

Mr. CONNOR. Well——

Mr. RICE. You keep books on it; don't you?

Mr. CONNOR. Oh, yes.

Mr. RICE. How do you keep your books? Do you keep them daily?

Mr. CONNOR. Yes; my business, I write about \$225 a day. I would write that much.

Mr. RICE. You would accept bets in that amount?

Mr. CONNOR. Surely.

Mr. RICE. Around \$225 a day?

Mr. CONNOR. Yes; it is very small.

Mr. RICE. And you would run 6 days?

Mr. CONNOR. Yes. Say \$1,300 a week. We might write that. That may be high and it may be a little low; I don't know.

Mr. RICE. All right, sir. On that you say you made absolutely nothing?

Mr. CONNOR. That is right.

Mr. RICE. And you did not pay taxes on a dime?

Mr. CONNOR. Oh, I paid taxes, yes, sir, on my machines and the book, because I remember the book lost. I think it is the first time since I have been in it that my book lost. The business was awfully slow. I don't remember what was left.

Mr. RICE. How about the year before?

Mr. CONNOR. I don't remember.

Mr. RICE. You made money?

Mr. CONNOR. Yes, I made money.

Mr. RICE. Approximately how much did you make?

Mr. CONNOR. I would not attempt to answer it, because it is too long ago.

Mr. RICE. That is 2 years ago.

Mr. CONNOR. I don't remember.

Mr. RICE. You could not come within \$10,000?

Mr. CONNOR. Sure, I could come within \$10,000.

Mr. RICE. See how close you would come.

Mr. CONNOR. I would say it would be less than that, \$10,000.

Mr. RICE. Then you would say you made something less than \$10,000?

Mr. CONNOR. Yes.

Mr. RICE. Was it more than \$5,000?

Mr. CONNOR. I would say it would be more than \$5,000, yes.

Mr. RICE. Do you make more from gambling than from the bar?

Mr. CONNOR. Yes.

Mr. RICE. That is, usually?

Mr. CONNOR. Usually I do.

Mr. RICE. You pay Federal taxes, income, and always have paid Federal income taxes?

Mr. CONNOR. Yes.

Mr. RICE. What do you put in your Federal tax return to cover this gambling?

Mr. CONNOR. I have a separate notation there with my return, just exactly what it is.

Mr. RICE. What do you call it?

Mr. CONNOR. I just call it "the book, the slots and the bar."

Mr. RICE. Income from book and slots?

Mr. CONNOR. Yes.

Mr. RICE. Do you pay a State tax?

Mr. CONNOR. Sure.

Mr. RICE. Income tax?

Mr. CONNOR. Yes.

Mr. RICE. And do you put that in your State tax return, too?

Mr. CONNOR. Not on the State tax return, no.

Mr. RICE. What do you put there?

Mr. CONNOR. Just income.

Mr. RICE. You just put income?

Mr. CONNOR. Yes, from other business.

Mr. RICE. You call it "other business"?

Mr. CONNOR. I think that is the way Morton Ryan puts it.

Mr. RICE. Who does?

Mr. CONNOR. Morty Ryan.

Mr. RICE. And you tell him what it is, though?

Mr. CONNOR. Oh, yes, I bring it all down there.

Mr. RICE. Yes. Now, then, on your slot machines, you did not lose any money on those, did you?

Mr. CONNOR. No.

Mr. RICE. What is the most you have ever made in a year from those?

Mr. CONNOR. I don't know. I would have to look it up.

Mr. RICE. Well, within \$5,000, what is the closest?

Mr. CONNOR. Well, sometimes it will go \$6,000, maybe \$7,000 a year.

Mr. RICE. \$6,000 or \$7,000?

Mr. CONNOR. Yes.

Mr. RICE. In 1950 you did not lose anything on those, did you?

Mr. CONNOR. No.

Mr. RICE. How much did you make on those?

Mr. CONNOR. I don't remember. I would say it would be about \$5,000 or \$6,000, whatever the record shows.

Mr. RICE. Were those in front of the bar?

Mr. CONNOR. Oh, no, in the back.

Mr. RICE. Front and back?

Mr. CONNOR. No, never in the front.

Mr. RICE. Always in the back?

Mr. CONNOR. Always in the back.

Mr. RICE. Are those arranged to pay any percentage?

Mr. CONNOR. You cannot do that.

Mr. RICE. You cannot do that?

Mr. CONNOR. You hear people say that they can, but that cannot be done.

Mr. RICE. Well, you can put pins in to keep the jackpot from hitting, can't you?

Mr. CONNOR. I would not know how to do that.

Mr. RICE. You have heard of that?

Mr. CONNOR. I never was in the habit of stealing.

Mr. RICE. You say that you service your own machines. You know how to get into them, don't you?

Mr. CONNOR. Oh, yes, sure, but that would be stealing.

Mr. RICE. That would be stealing?

Mr. CONNOR. Yes.

Mr. RICE. There is no question?

Mr. CONNOR. In my opinion, there is no question about that, that is right.

Mr. RICE. How much property do you own, real estate?

Mr. CONNOR. I own the place I am in, one building next door, and I own my home.

Mr. RICE. You own your home and business building next door?

Mr. CONNOR. Yes.

Mr. RICE. What is in there?

Mr. CONNOR. There is a garage. It is a storage room. The garage man died, and there is a television place, appliances place in the front.

Mr. RICE. A commercial store?

Mr. CONNOR. Yes.

Mr. RICE. You own that, your own place, and your home?

Mr. CONNOR. Yes.

Mr. RICE. But no other real property?

Mr. CONNOR. No.

Mr. RICE. What do you estimate your net worth to be?

Mr. CONNOR. Well, I never did estimate it, to be frank with you.

Mr. RICE. Think about it a little bit and estimate it now.

Mr. CONNOR. (No answer.)

Mr. RICE. What would you sell out for, everything you own?

Mr. CONNOR. I never gave it any thought.

Mr. RICE. Think about it now.

Mr. CONNOR. I don't think I have got time to think about it.

Mr. RICE. Just take time. Take a drink of water to think about it.

Mr. CONNOR. I don't want a drink of water, and I don't think I could estimate it. I would have to have somebody help me, when it comes to the evaluation of property. It went up since I bought it.

My house cost \$9,000 when I built it. I suppose it would be worth a lot more.

Mr. RICE. What would you sell it for?

Mr. CONNOR. I never gave it any thought. I don't intend to sell it.

Mr. RICE. \$9,000, so that is worth probably \$18,000 or \$20,000 now, isn't it?

Mr. CONNOR. I don't know that it would be that much.

Mr. RICE. How about your Turf Club, what would you say the value of that is?

Mr. CONNOR. The building is nothing. I would say it would be worth \$8,000.

Mr. RICE. Would you sell it for \$8,000?

Mr. CONNOR. No. I would be selling myself out of business.

Mr. RICE. Well, what would you sell it for?

Mr. CONNOR. Well, I don't know what I would sell it for. I would sell it for as much as I could get.

Mr. RICE. Would you take \$10,000?

Mr. CONNOR. No, I don't think I would take \$10,000 for the building and business. I have been there a long time. I have got a nice business. That is, it was a good business.

Mr. RICE. What happened?

Mr. CONNOR. Well, for one thing, there is not much money around there lately, due to the high prices, people are going broke in the grocery stores. They are busted before they come in my place.

Mr. RICE. Did you hear Mr. Florer testify this morning and say that they were being paid, the grocers were being paid on their bills for the first time?

Mr. CONNOR. Yes, I heard Mr. Florer testify. Could I go back to Mr. Florer's testimony and add a little to what he omitted?

The CHAIRMAN. Yes.

Mr. CONNOR. Could I?

Mr. RICE. Yes.

Mr. CONNOR. He made mention about two business firms that refused to enter into Kenton County on account of gambling. He did not mention who they were, and I doubt very much—well, he failed to add that Stanley Stuart, who is the president of the Stuart Iron Works, the largest business we have in Kenton County, I think it was a week ago had a big article in the paper that this Kenton County Creed organization, or whatever they call themselves—anyway, that this organization was going to use that as political bait in this campaign to blame the gamblers and politicians for running them out.

He had a big article in the paper the other day, prohibiting them from using that. They had already started using it.

I think I can get you a clipping of that here, if you would want it. Would you like to see it?

Mr. RICE. I infer that is one of these companies he talked about, this company you speak about?

Mr. CONNOR. No, I don't know whether it was one of them. He mentioned two moving in.

Mr. RICE. This is a company moving out.

Mr. CONNOR. But Stanley Stuart definitely said that the Kenton County—here it is, if you would like to look at it.

Mr. RICE. Who sent that up to you?

Mr. CONNOR. My wife had it, I think.

Mr. RICE (reading):

POLITICS AND GAMBLING NOT INVOLVED

Stanley Stuart declared neither gambling nor politics was involved in the proposed move of plant from city.

I think that is plain enough.

Mr. CONNOR. He had a much elaborate statement in the Post, which is not as vicious a newspaper as that outfit.

Mr. RICE. He sets forth other reasons why they are moving.

Mr. CONNOR. They are just getting larger.

Mr. RICE. Now, sir, you say you had the building next door, too. What do you think is the value of that building?

Mr. CONNOR. Well, I gave \$15,000 for it.

Mr. RICE. How long ago was that?

Mr. CONNOR. I think about 3 years ago, 3½. I think I bought it in April. I don't know whether it was 3 or 4 years ago.

Mr. RICE. Now, then, always owned the Turf Club alone, or did you have a partner?

Mr. CONNOR. I had a partner.

Mr. RICE. Who is that?

Mr. CONNOR. Lee Connersman.

Mr. RICE. Lee Fred Connersman?

Mr. CONNOR. No, Lee Connersman.

Mr. RICE. And you acquired his interest?

Mr. CONNOR. That is right.

Mr. RICE. When he died?

Mr. CONNOR. That is right.

Mr. RICE. Who handled the acquisition of that interest for you?

Mr. CONNOR. Well, Jimmy Quill handled Lee's estate. He settled the estate.

Mr. RICE. That is the man who testified here today, Quill?

Mr. CONNOR. That is right.

Mr. RICE. And that was a gambling interest there then, wasn't there?

Mr. CONNOR. That is right. We were partners.

Mr. RICE. Have you ever gotten locked up down there?

Mr. CONNOR. No.

Mr. RICE. How do you account for that?

Mr. CONNOR. Well, I don't think I have to account for it. I was never locked up. I was never arrested in my life.

Mr. RICE. Your operation was against the law, was it not?

Mr. CONNOR. It probably is, in some people's mind—according to the law, it is.

Mr. RICE. According to the law it is?

Mr. CONNOR. Yes, but you have to get caught first.

Mr. RICE. Yes.

Mr. CONNOR. I have doors there, and it is secluded, it is very quiet, and small, as I stated before.

Mr. RICE. Are you sort of selective about your customers there?

Mr. CONNOR. Well, yes, put it that way.

Mr. RICE. How do you select which customers you take bets from?

Mr. CONNOR. I just don't select them.

Mr. RICE. Tell us about how you figure out which ones you are going to take bets from?

Mr. CONNOR. Anybody that is in there, I will take a bet from him.

Mr. RICE. Anybody that comes in?

Mr. CONNOR. Sure.

Mr. RICE. Anyone of the public that walks in?

Mr. CONNOR. That is right.

Mr. RICE. And the public walks in the back room?

Mr. CONNOR. Yes.

Mr. RICE. And you always have?

Mr. CONNOR. I didn't say that the door was locked.

Mr. RICE. Suppose a man with a badge walked in there? Did that ever happen?

Mr. CONNOR. Yes, it did happen.

Mr. RICE. What happened then?

Mr. CONNOR. Well, we got arrested, but I was not there. It was my brother. They took him down.

Mr. RICE. Who arrested him?

Mr. CONNOR. I think it was—I just don't remember who it was—I think it was LeRoy All.

Mr. RICE. Was it a county officer?

Mr. CONNOR. No; city.

Mr. RICE. It was a city officer?

Mr. CONNOR. Yes.

Mr. RICE. He paid a fine?

Mr. CONNOR. Yes.

Mr. RICE. And went right back operating?

Mr. CONNOR. Yes.

Mr. RICE. Did they take the machines?

Mr. CONNOR. There weren't there. They were out.

Mr. RICE. Oh! How did that happen?

Mr. CONNOR. Well, I don't know.

Mr. RICE. Did you get tipped off?

Mr. CONNOR. No.

Mr. RICE. Are you sure?

Mr. CONNOR. Sure.

Mr. RICE. Where were the machines?

Mr. CONNOR. We may not have had them at that time.

Mr. RICE. You mean——

Mr. CONNOR. You see, I was there before 1940, and I think I got those machines around 1940. This may have been before that.

Mr. RICE. You have not been bothered since the machines were in in 1940?

Mr. CONNOR. No.

Mr. RICE. Did you ever pay any protection money?

Mr. CONNOR. Never paid a nickel in my life.

Mr. RICE. Have any law-enforcement officers ever been in there since 1940?

Mr. CONNOR. Any law-enforcement officers? Not during the day.

Mr. RICE. Any time the slot machines were there.

Mr. CONNOR. They may have been there in the evening, but if they did, they did not go in the back.

Mr. RICE. Well, now, when a law-enforcement officer came in there, what did he do?

Mr. CONNOR. Well, I would be at the bar. He may have a drink. They would not be on duty, probably some of the city police.

Mr. RICE. On official business, no law-enforcement officer ever came in there?

Mr. CONNOR. No.

Mr. RICE. How far is the bar from the back room?

Mr. CONNOR. Well, it adjoins. I have three leather doors there. I open them up at night for a sitting room at night.

Mr. RICE. Yes.

Mr. CONNOR. It is really all one.

Mr. RICE. Yes.

Mr. CONNOR. Well, now, during the day I close the doors.

Mr. RICE. Yes; you close the doors during the day.

Mr. CONNOR. Yes.

Mr. RICE. Are these one-armed bandits, these slot machines?

Mr. CONNOR. Yes.

Mr. RICE. Are they one-armed bandits?

Mr. CONNOR. Yes.

Mr. RICE. They are not consoles?

Mr. CONNOR. No.

Mr. RICE. When you pull the handle down the wheels spin?

Mr. CONNOR. That is right.

Mr. RICE. Can't you hear the wheels in the bar?

Mr. CONNOR. No, it is pretty far back. I have got them back. They are pretty hard to see. They have never been in the front since I have had them.

Mr. RICE. In any event, you never had a raid other than this one before 1940?

Mr. CONNOR. No.

Mr. RICE. You are not running a horse book now?

Mr. CONNOR. No, sir.

Mr. RICE. Do you know Jimmy Brink?

Mr. CONNOR. Well, I know Jimmy to see; yes. I don't know him very well.

Mr. RICE. Did you ever transact any business with Brink?

Mr. CONNOR. No, sir.

Mr. RICE. Do you lay off any bets with Brink?

Mr. CONNOR. No, sir. I don't think he ever booked.

Mr. RICE. He never booked?

Mr. CONNOR. I don't think he does.

Mr. RICE. There is some testimony that he had a book.

Mr. CONNOR. I did not think he did.

Mr. RICE. I didn't think so, either. How about Wanstratt?

Mr. CONNOR. Oh, I know Butch, yes; but he has been sick. I have not seen Butch Wanstratt in about 6 years. Never knew him real well.

Mr. RICE. Did you ever transact any business with him?

Mr. CONNOR. Never.

Mr. RICE. He was a slot-machine man, wasn't he?

Mr. CONNOR. There were rumors to that effect. Butch never did get around much. He was a crippled fellow.

Mr. RICE. What club was John Walsh connected with?

Mr. CONNOR. John Walsh?

Mr. RICE. Yes.

Mr. CONNOR. I think he was with the Kentucky Club.

Mr. RICE. Did you lay off any money to the Kentucky Club?

Mr. CONNOR. No.

Mr. RICE. Do you know a John Berrencamp?

Mr. CONNOR. John Berrencamp?

Mr. RICE. Yes.

Mr. CONNOR. He is my brother-in-law.

Mr. RICE. He is your wife's brother?

Mr. CONNOR. Yes.

Mr. RICE. What business is he in?

Mr. CONNOR. Well, he was in the contracting business years ago. He more or less retired. He is building a house now, but he has more or less retired. He has been sick.

Mr. RICE. Did he ever serve as foreman of any grand jury there?

Mr. CONNOR. Yes; he served as a foreman in, well, let's see, these years get by me pretty quick; I think it was around 1946 or 1947.

Mr. RICE. Yes. I think that grand jury made a report that they could not find any gambling or anything. It was what you would call a whitewash report.

Mr. CONNOR. I don't remember what the whitewash business is.

Mr. RICE. Well, the business you are in is probably a mystery to him.

Mr. CONNOR. Well——

Mr. RICE. He has never been in the back room, I suppose?

Mr. CONNOR. No, John doesn't bet on the races. I don't think John ever seen a horse race. He doesn't play any slot machines. No, John wouldn't know. If John said that, you can bet it is the truth.

Mr. RICE. So your testimony here today would be a complete surprise to him, wouldn't it?

Mr. CONNOR. I don't know. With his name being mentioned in it?

Mr. RICE. No, the fact you say you say you are a bookie, and that you had slot machines.

Mr. CONNOR. No; he knows I book, John does, yes.

Mr. RICE. He knew it then, too, didn't he?

Mr. CONNOR. I was not booking then. We were closed up. I think that was during the Howard trial.

Mr. RICE. It was two days before the Howard investigation that they returned their whitewash report.

Mr. CONNOR. We were closed.

Mr. RICE. So then he could go in and tell the grand jury and act as foreman of the grand jury in the utmost good faith and state that during the time that grand jury was in session, he could then say that he doesn't know anything about gambling?

Mr. CONNOR. I believe you would have to ask John about that.

Mr. RICE. That is what you are having us to understand?

Mr. CONNOR. Well, John is a very high-class fellow, and as a matter of fact, I don't think John ever did a wrong thing in his life; and if you are intimating that he did do anything wrong, I think you are making a mistake.

Mr. RICE. It is purely a question of curiosity about a man acting as foreman of a grand jury who was your brother-in-law and must reasonably have know that you operated slot machines, how he could be part of a grand jury that made a whitewash report that nothing was going on.

Mr. CONNOR. Of course, as I said——

Mr. RICE. Beg pardon?

Mr. CONNOR. As I have said, you would have to consult John about that. I don't know.

Senator KEFAUVER. Maybe he didn't know his brother-in-law very well.

Mr. CONNOR. Yes, he knows me very well.

Senator KEFAUVER. Well, I was only trying to help you out, sir. You are out of the bookmaking business now?

Mr. CONNOR. Yes, sir.

Senator KEFAUVER. Do you plan to go back in?

Mr. CONNOR. I have not gave it any thought, Senator.

Senator KEFAUVER. How long have you been out?

Mr. CONNOR. Since May 5.

Senator KEFAUVER. How did you happen to go out?

Mr. CONNOR. When the grand jury went in.

Senator KEFAUVER. Has it been the custom to just sort of close up during the time the grand jury heat is on?

Mr. CONNOR. That is right.

Senator KEFAUVER. That, frankly, is the situation, isn't it?

Mr. CONNOR. That is right.

Senator KEFAUVER. That has to do with gambling, bookmaking, and everything else?

Mr. CONNOR. Well, what do you mean by everything else, Senator?

Senator KEFAUVER. Well, I mean slot machines, bookmaking, gambling.

Mr. CONNOR. Yes; but it has been publicized a lot bigger than it really is, though.

Senator KEFAUVER. But that is the custom of that?

Mr. CONNOR. I can assure you of that.

Senator KEFAUVER. To close up during the time the grand jury is in session and open up afterward?

Mr. CONNOR. That is right.

Senator KEFAUVER. But the grand jury never seems to be interested in going back and indicting anybody for what happened prior to the time they met, do they?

Mr. CONNOR. Well, I don't recall them doing it. I don't know whether they can do it or not. I am no lawyer. I don't know whether it is in their power or not.

Senator KEFAUVER. They are only interested during the time they are in session?

Mr. CONNOR. Apparently.

Senator KEFAUVER. I think that is a fair statement.

Mr. RICE. Did you ever serve on a grand jury?

Mr. CONNOR. No, sir.

Senator KEFAUVER. All right. Is there anything else?

Mr. RICE. Do you have any official job in the county?

Mr. CONNOR. Yes; I am the election commissioner.

Mr. RICE. You are an election commissioner?

Mr. CONNOR. Yes.

Mr. RICE. In the State you are sergeant at arms in the senate?

Mr. CONNOR. Yes.

Mr. RICE. And you are also an election commissioner?

Mr. CONNOR. Yes.

Mr. RICE. What is the function of an election commissioner?

Mr. CONNOR. We count the votes on election night.

Mr. RICE. You count the votes?

Mr. CONNOR. I supervise the counting.

Mr. RICE. Is that a machine count?

Mr. CONNOR. No.

Mr. RICE. It is a personal count?

Mr. CONNOR. Yes.

Senator KEFAUVER. How many of you are on the election commission?

Mr. CONNOR. There is the sheriff, by virtue of his office, and the Republican representative, Rich, and me as a Democrat.

Senator KEFAUVER. Three of you?

Mr. CONNOR. Yes.

Senator KEFAUVER. You are the chairman, I take it?

Mr. CONNOR. No; I believe the sheriff is.

Senator KEFAUVER. The sheriff is the chairman?

Mr. CONNOR. I believe he is. I am not the chairman, that I know of.

Senator KEFAUVER. How much do you get paid for that?

Mr. CONNOR. We get \$100.

Senator KEFAUVER. A hundred dollars a year?

Mr. CONNOR. A hundred dollars an election.

Senator KEFAUVER. How many elections are there in a year?

Mr. CONNOR. There are sometimes three.

Senator KEFAUVER. And you select the people who will hold the elections?

Mr. CONNOR. No. You mean the people that will work in the polls?

Senator KEFAUVER. Yes.

Mr. CONNOR. No.

Senator KEFAUVER. Well, the commission does, doesn't it?

Mr. CONNOR. No; the sheriff does that, and the secretary.

Senator KEFAUVER. Well, what I mean is, the commission itself, it is the duty of the commission to select the people who hold the elections?

Mr. CONNOR. No; I don't think so; at least we don't do it.

Senator KEFAUVER. Anyway, you let the sheriff do that?

Mr. CONNOR. It comes out of the sheriff's office, the people that he works into the polls, the clerk and the sheriff.

Senator KEFAUVER. And you have charge of counting the votes after the election is over?

Mr. CONNOR. That is right.

Senator KEFAUVER. Have you personally anything to do with the counting, some of it?

Mr. CONNOR. No; they have, I think they have around, I forget how many, but around 60.

Senator KEFAUVER. Do you help select the people who count the votes?

Mr. CONNOR. Yes.

Senator KEFAUVER. And you certify the election in the various precincts?

Mr. CONNOR. To the State.

Senator KEFAUVER. To the secretary of State?

Mr. CONNOR. To the State.

Senator KEFAUVER. Is that correct?

Mr. CONNOR. That is right.

Senator KEFAUVER. What do you think about being on the election commission? Do you think a person in the bookie business ought to be on that?

Mr. CONNOR. I think so.

Senator KEFAUVER. You think it is all right?

Mr. CONNOR. I think it is perfectly all right. I see nothing wrong with it.

Senator KEFAUVER. You don't think you would be interested in giving the fellow who did not enforce the law a break in the election?

Mr. CONNOR. Well, if you are insinuating that I may—

Senator KEFAUVER. I am not insinuating anything.

Mr. CONNOR (continuing). That I may be dishonest—

Senator KEFAUVER. No; what other people might think about it.

Mr. CONNOR. I don't know what other people think. Apparently they think it is all right.

Senator KEFAUVER. You mean they all know you are in the bookie business and that you are on the election commission?

Mr. CONNOR. Yes, sir.

Senator KEFAUVER. How do you get on the election commission?

Mr. CONNOR. The Democratic executive committee appoints you.

Senator KEFAUVER. Who appointed you?

Mr. CONNOR. Well, the members of the commission, Newman Armstrong is a member, and Boyd Elliott, and, well, the sheriff is a member, too, by virtue of his office.

Senator KEFAUVER. That is just ex officio?

Mr. CONNOR. Yes; and Harry Claney.

Senator KEFAUVER. This fellow Armstrong, is he a county detective?

Mr. CONNOR. He is chairman of the Democratic executive board.

Senator KEFAUVER. Is he a county detective?

Mr. CONNOR. Yes, sir.

Senator KEFAUVER. All right. That is all.

Mr. RICE. Thank you.

Senator KEFAUVER. Mr. Wise, will you come around, sir.

Mr. WISE. Yes, sir.

Senator KEFAUVER. Mr. Wise, have you been sworn?

Mr. WISE. No.

Senator KEFAUVER. Will you swear the testimony that you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WISE. Yes.

TESTIMONY OF WILLIAM J. WISE, ATTORNEY FOR THE COMMONWEALTH OF KENTUCKY

Mr. WISE. Officer, may I have a glass of water, please?

Senator KEFAUVER. Yes; bring him a glass of water.

You are Mr. William J. Wise?

Mr. WISE. That is right.

Senator KEFAUVER. Where do you live, Mr. Wise?

Mr. WISE. Bellevue, Ky.

Senator KEFAUVER. That is in Campbell County?

Mr. WISE. That is right.

Senator KEFAUVER. What is your business?

Mr. WISE. I am attorney, Commonwealth attorney.

Senator KEFAUVER. You mean that is one of the State's attorneys?

Mr. WISE. That is right.

Senator KEFAUVER. Is that for Campbell County?

Mr. WISE. My district coincides with Campbell County.

Senator KEFAUVER. Are you the assistant or are you the chief attorney?

Mr. WISE. Well, I am the attorney. I have no assistant.

Senator KEFAUVER. You have no assistant?

Mr. WISE. The county attorney is the statutory assistant, but he is an elected officer, so for all practical purposes I have no assistants.

Senator KEFAUVER. So you have the responsibility and sole duty for prosecuting cases in the Commonwealth as attorney for Campbell County?

Mr. WISE. That is right.

Senator KEFAUVER. All right, Mr. Rice, will you ask the witness questions, please?

Mr. RICE. You say you also practice law, Mr. Wise?

Mr. WISE. Yes, sir.

Mr. RICE. In a separate office?

Mr. WISE. Yes, sir.

Mr. RICE. It is not necessary to utilize your entire time in the office of commonwealth attorney?

Mr. WISE. Well, it depends. It depends upon circumstances and sessions of court.

Mr. RICE. There are no requirements by reason of policy or statute?

Mr. WISE. No. The statute only requires me to represent the Commonwealth in matters coming to trial before the circuit court.

Mr. RICE. I think we heard this morning from the Commonwealth attorney of Kenton County.

Mr. WISE. Mr. Quill.

Mr. RICE. Yes. And he gave us a good notion of the jurisdiction.

Mr. WISE. That is right.

Mr. RICE. How long have you been in that office?

Mr. WISE. About 8 years, almost nine, eight and a half or eight and three-quarters.

Senator KEFAUVER. How much are you paid? And how did you get in?

Mr. WISE. How did I get in what?

Senator KEFAUVER. In your office.

Mr. WISE. I got in the office—originally I was appointed to fill a vacancy occasioned by the death of my predecessor, by the Governor, and I served until the next election, at which time I was candidate for the unexpired term, and then I was candidate for election for the full term, and I was elected.

Senator KEFAUVER. How long is it for?

Mr. WISE. Six years, and the election is up this year. As a matter of fact, we have a primary in less than 2 weeks from now.

Senator KEFAUVER. How much is the compensation?

Mr. WISE. The compensation is now \$7,200. However, you have to earn it in that the major portion of it is paid out of fines assessed in the county court as well as in the circuit court and the magistrate's court within the county.

Senator KEFAUVER. If the fines amount to \$7,200 you get that amount, and if they don't amount to that, you don't get it?

Mr. WISE. That is right.

Senator KEFAUVER. But you cannot get any more than \$7,200?

Mr. WISE. That is right.

Senator KEFAUVER. Let's get to the meat in the coconut.

Mr. RICE. All right, sir. You have heard a lot about gambling, I suppose, in Campbell County.

Mr. WISE. Yes, sir. Since I was a child.

Mr. RICE. Today you heard that, and I think it has been indicated here that a great number of slot machines paid taxes in the county. That is, a great number of, I think Duke Connor explained it, the audio wire service coming into the bookie joints, that he himself had operated a horse book and slot-machine enterprise, and that there were some injunction suits brought some years ago against certain of the notorious operators, and there had been testimony before the Senate Crime Committee of the operation of a considerable magnitude, such as Beverly Hills, run by the out-of-State mobs for a number of years at great profit.

How do you account for all of that taking place in your county?

Mr. WISE. Well, sir, I suppose it was just like Topsy, it just grew up. It has been in existence long before I appeared on the political scene, and I suppose it has existed by sufferance; at least that is my opinion.

SENATOR KEFAUVER. Yes.

Mr. RICE. Despite the State laws to the contrary?

Mr. WISE. That is right.

Mr. RICE. You know that that situation prevailed, or you knew that that situation prevailed when you took office?

Mr. WISE. I was generally aware of it. I was aware of it since I was old enough to know that there were such things as horse races.

Mr. RICE. Well, now, how about these money wheels and dice games and things like that? Did that always take place there?

Mr. WISE. Well, I have only general information on that. I think to a great extent that that is so.

Mr. RICE. Yes. Well, now, you say you have some general information about those things. Did you ever feel compelled to inform yourself a little bit better about what was going on there?

Mr. WISE. What do you mean to inform myself a little better?

Mr. RICE. Well, for instance, through a grand jury, or through inquiry and investigation by officers assigned to you, or by the issuance of subpoenas or other processes to interested people in these operations, to determine the extent of these enterprises, and the individuals responsible for them.

Mr. WISE. Whenever there was a grand jury, every matter coming before the grand jury was fully explored, and even matters which did not come in the form of a case, if information came to the grand jury it was explored as fully as possible. I have taken the position since I have been the Commonwealth attorney that any case coming before the grand jury would be explored to the fullest extent, and where the evidence justified indictments were returned and they were presented in court.

Mr. RICE. Yes, sir. Did you ever take it upon yourself to suggest to the grand jury that they might like to go a little further than just what is produced before them and go into and look into these things a little bit?

Mr. WISE. I have told every grand jury since I have been in office that they had that prerogative, and I have urged them to seek information from any source available to them.

Mr. RICE. Did you tell them who you thought was running Beverly Hills?

Mr. WISE. I mentioned places by names because at no time was I fully cognizant of the exact ownership.

Mr. RICE. You did not know that?

Mr. WISE. That is right.

Mr. RICE. Did you suggest it might be a good idea to find out?

Mr. WISE. I suggested that they could investigate that place and other places mentioned by name.

Mr. RICE. As a result of that you had no indictments returned?

Mr. WISE. That is right, sir. Well, no; I won't say that. There have been indictments returned over the years I have been in office.

Mr. RICE. But not against anyone connected with Beverly Hills?

Mr. WISE. Yes, sir.

Mr. RICE. Who would that be?

Mr. WISE. If I am not mistaken, it was Sam Tucker.

Mr. RICE. You have had an indictment against Sam Tucker?

Mr. WISE. Yes, sir.

Mr. RICE. What became of that?

Mr. WISE. Well, it went to trial before a jury.

Mr. RICE. How long ago was that?

Mr. WISE. Oh, I don't know. I think, roughly, I would guess it was 1944, 1945, or thereabouts.

Mr. RICE. Before you came in office?

Mr. WISE. No; I was in office then.

Mr. RICE. Did you prosecute the case?

Mr. WISE. Yes, sir.

Mr. RICE. What became of it?

Mr. WISE. He was acquitted.

Mr. RICE. By a jury?

Mr. WISE. By the jury.

Mr. RICE. Was he charged with a felony count?

Mr. WISE. He was charged with a felony count.

Mr. RICE. You are quite sure about Sam Tucker?

Mr. WISE. Yes.

Mr. RICE. How about the others that were in the operation?

Mr. WISE. Which others?

Mr. RICE. Well, his partners. He was not alone, was he?

Mr. WISE. Well, I cannot be sure, but it seems to me that he and someone else was named in the indictment, that they were the only two whose names came before the jury which returned the indictment. He was entitled to severance, and he went to trial after the jury returned the verdict of not guilty, I think that was the outcome of it. There was a plea offered to a misdemeanor which I recommended to the court.

Mr. RICE. Yes.

Mr. WISE. That is on behalf of his codefendant.

Mr. RICE. Yes. How did that affect him?

Mr. WISE. I am not positive of that. That is my best recollection.

Mr. RICE. How did that affect his plea?

Mr. WISE. How did it affect his plea?

Mr. RICE. Sam Tucker's.

Mr. WISE. I don't understand you.

Mr. RICE. You suggested that he——

Mr. WISE. Sam went to trial.

Mr. RICE. He went to trial on a felony count.

Mr. WISE. Yes, and he was acquitted.

Mr. RICE. And he had a codefendant who was charged with a felony.

Mr. WISE. But who offered to plead a misdemeanor, and in the light of the acquittal I recommended that the court accept it, and the court did.

Mr. RICE. He paid a fine?

Mr. WISE. Yes, sir.

Mr. RICE. Has there been any subsequent prosecution?

Mr. WISE. Of them?

Mr. RICE. Yes.

Mr. WISE. I am not sure. There may have been a misdemeanor prosecution, but I would not be sure about it.

Mr. RICE. Tucker, at least, denied that there was any.

Mr. WISE. Well, that is my best recollection on it; I think it was Sam Tucker.

Mr. RICE. That did not stop it any; did it?

Mr. WISE. Apparently not.

Mr. RICE. Let's see what the record shows. In 1948 and 1949 the Beverly, the partners, handled gross receipts of nearly a million dollars, \$975,000 to be exact, and the net income to them for the 2 years was \$426,199. That is what they admitted on their own books, and the partnership distribution was broken down this way:

Your friend Sam Tucker, \$44,019; Moe Dalitz, alias Davis, \$44,019; Louis Rothkopf, \$44,019; Morris Kleinman, \$44,019; Charles Polizzi, \$32,014; T. J. McGinty, \$34,301; John Croft, \$26,583; Harry Potter, \$20,008; Mitchell Meyer, \$17,150; Samuel Schroeder, \$54,024; Marion Brink, wife of Jimmy Brink, drew down \$40,017.

In addition to that money, Sam Tucker, whom you have just mentioned, drew down \$10,000 a year salary from 1945 to 1948, and Mitchell Meyer, Meyer and Harry Potter, were paid salaries of \$3,900 each for 1948, and \$4,110 each for 1949.

The operation also conducted bingo, presumably for the purpose of drawing customers into the place, and showed that the money wheels took in \$70,000; chuck, \$17,000; blackjack, \$51,000; craps and others, \$244,000.

These are net figures now. And the slot machines took in \$69,000.

It would seem that those figures add up to a right sizable sort of an operation for one place in your county. It would look like it would certainly merit grand jury inquiry further than has been indicated in the record here today.

Do you have anything you want to say about that?

Mr. WISE. The only thing I can say is that the figures are to me fabulous, and the names of the individuals you have mentioned I have never heard before.

Mr. RICE. They are out-of-State syndicate men; aren't they? They are out-of-State men?

Mr. WISE. That is what I understand as the result of the inquiry of this committee.

Mr. RICE. When that money is paid to them, it goes out of your community.

Mr. WISE. Where it goes, sir, I wouldn't know.

Mr. RICE. Well, the record indicates that is their share, and if you say they are out-of-State—

Mr. WISE. I don't say it. I suppose they are. The committee says they are.

Mr. RICE. There isn't any question about it.

Mr. WISE. And actually, sir, I have not heard the names of those individuals until they were revealed as the result of this inquiry of the committee.

Mr. RICE. That was in January of 1951.

Mr. WISE. That is right.

Mr. RICE. Or approximately there. There has been no action, though, looking toward indictment of those individuals?

Mr. WISE. Well, there was an indictment returned against an individual who testified before the committee by the name of Rosenbaum.

Mr. RICE. Oh, is that so?

Mr. WISE. That is right.

Mr. RICE. I am interested in that.

Mr. WISE. And the case was set for trial, I believe, somewhere between the 20th and the 27th of June. And, of course, it was necessary to have someone who heard the testimony come into our court and testify that he had made that as an extrajudicial admission against interest.

Mr. RICE. Yes.

Mr. WISE. And it happened that the reporters who had taken the testimony were engaged in the MacArthur hearings, and they were not available.

So, as a consequence of their being unavailable, the case was remanded, and will probably be called for trial at the fall term of court.

Mr. RICE. Did you make any effort to get hold of a staff member, Mr. Wise?

Mr. WISE. Of the committee?

Mr. RICE. Yes.

Mr. WISE. No, because I rather thought that the man that took the testimony down could testify that this was an actual transcript. He took it down and he transcribed the notes, and it appeared to me that he was the best witness. The time was rather short in which to make these arrangements, because by the rules of the court our court adjourns for the summer on the 1st of July.

Mr. RICE. Just by way of suggestion, in an adjoining county here within the past week, there has been a trial similar to that resulting from testimony taken before the committee, and the county attorney there did use a staff member as distinguished from a reporter, and the judge accepted that testimony for the record. If you have any further difficulty, I might suggest that you do that.

Mr. WISE. Frankly, that had not occurred to me. I thought that the men engaged on the committee were so well occupied that they would not want to come to Newport.

Mr. RICE. They always have time to come out there.

Mr. WISE. Maybe we might invite them in the fall.

Mr. RICE. Well, now, do you think that those figures there were a little bit fabulous?

Mr. WISE. They seem to be.

Mr. RICE. You have no reason to doubt them?

Mr. WISE. I don't doubt them; I don't doubt them.

Mr. RICE. Here is one a little closer to home. The Yorkshire, this is right down in Newport. Beverly is a little outside.

Mr. WISE. It is in the city of Southgate.

Mr. RICE. The Yorkshire?

Mr. WISE. No, Beverly.

Mr. RICE. But here is one right at your doorstep there, for the 2 years of 1948 and 1949 the Yorkshire handled gross receipts of \$1,526,000. From that there was a gross profit of \$614,000, and a net income of \$427,597.

This is also a partnership operation. These partners, it is very interesting to see what their proceeds are:

Maurice Ryan or Maury Ryan of Fort Thomas, Ky., \$30,018; Fred Hallam of Bellevue, Ky., \$47,662. Do you know any of these people?

Mr. WISE. Yes; I know Fred Hallam and I know Ryan, just to say "Hello" to.

Mr. RICE. And then Morris Nemmo, Fort Thomas, Ky., \$30,493.

Mr. WISE. I don't know him.

Mr. RICE. Did you ever bring any of them in before the grand jury?

Mr. WISE. Yes, sir.

Mr. RICE. You did?

Mr. WISE. Yes, sir.

Mr. RICE. Did you talk about these things?

Mr. WISE. Yes, sir.

Mr. RICE. Did they disclose any figures to you?

Mr. WISE. No, no; that is, after all, I think that you recognize that you cannot make a man testify against himself before a grand jury.

Mr. RICE. But you can ask him.

Mr. WISE. But the Yorkshire operation was indicted at least three times during my tenure.

Mr. RICE. For a felony?

Mr. WISE. No; they were indicted on what we call a high misdemeanor. It provided a jail sentence of a year and a fine of from \$2,000 to \$5,000.

Mr. RICE. Do you know what section that is of the statute?

Mr. WISE. Offhand, sir, I could not tell you.

Mr. RICE. But it is high misdemeanor?

Mr. WISE. That is what we commonly call it, because the penalty is rather high as compared with an ordinary misdemeanor.

Mr. RICE. What years were those?

Mr. WISE. Well, if I am not mistaken, the last time they were indicted was this year, early in the year, or the latter part of 1950.

Mr. RICE. Have there been any convictions?

Mr. WISE. No.

Mr. RICE. They did not take any pleas, then?

Mr. WISE. In the past I think that somebody, some arrests growing out of the Yorkshire, did take a plea. But the last time there was a matter of an unwarranted search that arose. That was the question on which the case went off. Previously the case went off on a trial, went to a jury.

Mr. RICE. Now, let's see, some of these other partners, Robert Bergan of Fort Thomas.

Mr. WISE. I don't know him.

Mr. RICE. \$24,121; Sam Gutterman of Cincinnati, \$10,496.

Mr. WISE. I don't know him.

Mr. RICE. A. R. Masterson, Fort Thomas, Ky., \$17,493. Is that Fred Masterson or Red Masterson?

Mr. WISE. Yes; they call him "Red."

Mr. RICE. Have you ever had him in?

Mr. WISE. Yes; he has been indicted, I would say, several times in my tenure.

Mr. RICE. Did he disclose who his other partners were?

Mr. WISE. No, sir.

Mr. RICE. He has never gone to jail as a result of that?

Mr. WISE. He has always made bond.

Mr. RICE. There have been none of these go to jail?

Mr. WISE. No, sir.

Mr. RICE. E. R. Lowe, Tuscon, Ariz., \$17,493; Jimmy Brink, Fort Mitchell, \$17,493.

Claude Hines, Fort Mitchell, \$17,493; George Bregel of Melbourne and I take it his wife Freda Bregel of Melbourne, Ky., took \$16,023 and \$1,470, which together would add up to \$17,493, that some of the other partners shared in.

Alfred Goltsman of Cleveland. We have seen his name appear in several other syndicates.

Mr. WISE. What is the name?

Mr. RICE. Goltsman, G-o-l-t-s-m-a-n.

Mr. WISE. I never heard of him.

Mr. RICE. His name appears in several other syndicate operations. He is from Cleveland, \$20,992; George Gordon of Cleveland, \$20,992; Samuel Tucker, again the fellow that was in Beverly Hills and several others, Southgate, \$20,992; Ruby Kolad, Cleveland, \$20,992; Abe Schneider of Cincinnati, \$34,987; John Croft, Cincinnati, \$33,092; George Bear, Detroit, Mich., \$24,296.

Now, that is a pretty sizable operation.

Mr. WISE. Much more sizable than any of us thought or could have imagined.

Mr. RICE. Did you ever call any of the wheel dealers or dice dealers or any of the employees in there?

Mr. WISE. There have been occasions when some of the employees have been called.

Mr. RICE. They are subject to arrest under the common gambling statute; aren't they?

Mr. WISE. That is right.

Mr. RICE. Were any of them arrested for that?

Mr. WISE. I could not say. I could not say. I think that probably some of them have been, but I don't know.

Mr. RICE. Well, you would have known if you had explored the record of the club, or any of these clubs, to determine the extent of the operation of the participants, to get down to the meat of it.

Mr. WISE. Well, the records of the clubs just have not been available. There have been instances of the evidence of gaming coming before the grand jury, and indictments were returned. Now, you know as a lawyer that you cannot seize the defendant and bring him in as on cross-examination.

Mr. RICE. I would say certainly you could compel the production of records from any one of the partners or from the person who kept the records—or have you ever tried it?

Mr. WISE. No, sir, because I don't agree with you. If a man is arrested and charged with a crime, I don't think under the laws of our State that I can make him produce his records which would incriminate him, any more than I could put him on cross-examination.

Senator KEFAUVER. What Mr. Rice is talking about, if you go out and get John Doe, the bookkeeper, and have him bring in the records, you are not worried about John Doe; you are thinking about these big fellows whom the records will show to be in the operation.

Mr. WISE. Senator, that has happened in some instances where we have had some employees of those that I have sought to have an indictment returned against, and they have, and I think properly so, refused to testify before a grand jury, on the ground that it would tend to incriminate them.

Senator KEFAUVER. Can't you give the clerk, John Doe, the little fellow, immunity? Can't you grant him immunity?

Mr. WISE. Well that, of course, is rather indeterminate. I have done it in some instances.

Senator KEFAUVER. Well, if you really wanted to get Dalitz and Kleinman and Rothkopf, and this outfit, they have to have records of their operations. Wouldn't it be worth while giving some little fellow immunity in order to get him to bring in the records?

Mr. RICE. There is an immunity statute in Kentucky.

Senator KEFAUVER. Yes; I know there is in Kentucky. Don't you think that might be worth while?

Mr. WISE. It might be; it might be.

Senator KEFAUVER. I mean, as it is, sir, you are not getting anybody.

Mr. RICE. Well, for instance, Mrs. Moore down there testified before the committee that she kept the books for the Yorkshire Club and told about keeping the minute books and all the other records as to who was who, who the principals were, who she reported to, what hours she worked. She gave the names of all the individuals mentioned. She seemed to be a very capable witness.

Mr. WISE. Yes; I am acquainted with that. She testified, I would say, within the past 6 weeks.

Mr. RICE. But she has always been there.

Mr. WISE. Well, if you want the truth, I did not know of Mrs. Moore until she came to Washington 5 or 6 weeks ago.

Mr. RICE. Have you had a grand jury since then?

Mr. WISE. No, sir.

Mr. RICE. Do you have any intention of submitting matters brought out recently to any subsequent grand jury?

Mr. WISE. If matters reach the quality of legal evidence, I certainly shall. I did it in the Rosenbaum case, because there was a corroboration in that case required by our statute. You see, we have got a statute to the effect that a man cannot be convicted upon his own testimony alone, whether it be an admission against interest or a confession. It is similar to statutes they have in some other States. There has to be corroboration and there happened to have been a raid upon the local headquarters shortly before he appeared before the committee.

Now, there is a fellow I never heard about until the time he testified at the committee. I daresay that there were only a handful of people in the whole community who were aware of his existence. It is easy for a man to hide away in a back office.

Senator KEFAUVER. He had a big business. He was the Northern Kentucky Hospitalization Insurance Co.

Mr. WISE. Apparently so from the phone book. Apparently from the phone book. But I understand his office was right small, in back of the building on the second floor.

Mr. RICE. I think he testified that he paid something like \$15,000 in telephone bills.

Mr. WISE. He must have kept the phones hot.

Mr. RICE. I think in a year's time that was.

Mr. WISE. Yes, I think so. I have the clipping from the newspaper, or the clippings, and I have them in the file.

Mr. RICE. You say you had some corroborating evidence in the Rosenbaum case?

Mr. WISE. Yes, sir.

Mr. RICE. What did that consist of?

Mr. WISE. The police of the city of Newport raided his office in Newport.

Mr. RICE. Did they have a warrant?

Mr. WISE. I believe there was a search warrant in that case. They went up and found some records and some phones and some subordinates, and then shortly after that it was that he appeared before the committee and testified that that was his place of operation.

Now, of course, the physical fact of the raid, I thought at any rate from a legal point of view, offered the corroborating evidence of his admission against interest at the committee hearing.

Mr. RICE. Do you think it would be possible to get some corroborating evidence that there was gambling at either the Yorkshire or Beverly?

Mr. WISE. It is possible, sir, yes; it is possible.

Senator KEFAUVER. Well, it is not within our province to tell you how to do your job down there, but it is quite apparent that there is a lot of room for improvement, Mr. Wise. Do you have anything else? You are an intelligent man. I think you can find ways of getting it done.

Mr. RICE. I have no further questions.

Senator KEFAUVER. Is there anything you want to add, Mr. Wise?

Mr. WISE. The only thing I would say is this, that the Commonwealth attorney is not a police officer. He does not have the power of arrest. I try all my cases alone and it just is not within the realm of feasibility for me to run around at night seeking evidence and to be in a courtroom during the day and prepare cases and review evidence and things of that sort.

Senator KEFAUVER. Mr. Wise, the trouble is that we run into that same thing all the way around. The sheriff says it is not feasible for him, he does not have the money nor the time; the grand jury does not meet very long, and it just recommends legalized gambling when it does meet; and it is not feasible for you.

So it looks like somebody is going to have to take the initiative and I cannot imagine anybody better than the Commonwealth attorney.

Mr. WISE. Well, sir; I don't want to quarrel with your opinion—

Senator KEFAUVER. You are the fellow who knows the legal technique of getting evidence; you are the man who presents the cases; and I should think getting a few of these big fellows might improve the situation down there a great deal.

Mr. WISE. It might.

Senator KEFAUVER. You have got a conspiracy statute and you can get them back into your jurisdiction if you can get the genesis of the case proven. I would think that would be a great way for you to make a name for yourself down there.

Mr. WISE. That is probably so, but what you have to bear in mind is that the revelations of the committee with regard to these out-of-town incidents have occurred in recent months.

Senator KEFAUVER. A whole lot can be done between January 18 and July, what is this, the 23d.

Mr. RICE. Yes, sir. Excuse me, sir, I did not mean to interrupt you.

Mr. WISE. I propose going on and pointing out that we don't have a conspiracy statute that applies to a case like that. Our conspiracy statute would be the common law of conspiracy. It is a misdemeanor. Now, it is questionable and highly doubtful that there could be expedition had on a misdemeanor. We have a statute "banding together and conspiring for the purpose of committing a felony," but that statute encompasses the presence of the party within the Commonwealth of the commission of the conspiracy, and apparently from the findings of the committee, if the conspiracy occurred outside the confines of the State, it poses a legal problem which can possibly be resolved one way or the other.

Senator KEFAUVER. Well, the operation was inside the State of Kentucky, and in any event, there is nothing like trying, is there?

Mr. WISE. That is right, and we started off with the Rosenbaum case as the result of this inquiry.

Mr. RICE. Well, you have heard Duke Connor.

Mr. WISE. He is back in the other county.

Mr. RICE. Oh, he is back in the other place.

Mr. WISE. Is that all, sir?

Senator KEFAUVER. That is all, thank you.

Senator KEFAUVER. Now, Chief Gugel. We had the chief up in Cleveland.

Mr. GUGEL. You had me here in Washington, too.

Senator KEFAUVER. Yes. Will you come around, sir.

Mr. GUGEL. Yes, sir.

Senator KEFAUVER. Do you swear that the testimony you give will be the whole truth, so help you God?

Mr. GUGEL. Yes, sir.

TESTIMONY OF GEORGE GUGEL, CHIEF OF POLICE, NEWPORT, KY.

Senator KEFAUVER. Mr. Rice.

Mr. RICE. What is your full name, sir?

Mr. GUGEL. George Gugel.

Mr. RICE. Is that G-u-g-e-l?

Mr. GUGEL. That is right, sir.

Mr. RICE. You are the chief of police in Newport?

Mr. GUGEL. Yes, sir.

Mr. RICE. In Campbell County?

Mr. GUGEL. Yes, sir.

Mr. RICE. How long have you been chief?

Mr. GUGEL. Well, since 1946 I have been chief of police.

Mr. RICE. Since 1946?

Mr. GUGEL. That is right.

Mr. RICE. You were elected, were you?

Mr. GUGEL. No.

Mr. RICE. You were selected by the commission?

Mr. GUGEL. No; it is a civil service deal in the police department. You go up from the ranks.

Senator KEFAUVER. For the record, let it be noted that Mr. Gugel testified in Cleveland before this committee on January 18 and 19, I believe.

Mr. GUGEL. That is right, sir.

Senator KEFAUVER. And the testimony is in the record. We don't want to cover the same ground.

Mr. GUGEL. And I testified up here about a month ago, also.

Senator KEFAUVER. What we want to know is what you have been doing about these matters since all this was brought to your attention back in January, Chief.

Mr. GUGEL. It is still being endeavored to get rid of all the gambling.

Senator KEFAUVER. I know, but what specifically have you done?

Mr. GUGEL. Still issuing orders to my subordinates.

Senator KEFAUVER. I know, but what is the result of those orders?

Mr. GUGEL. We had a lot of raids.

Senator KEFAUVER. Who all has been arrested, and who has been convicted?

Mr. GUGEL. I have those records with me. We just had a raid the other night. One of my sergeants made a raid as late as Monday morning.

Senator KEFAUVER. Now, we brought out in Cincinnati that you got this list from Mr. George Robinson about all of the wire service places. That was called to your attention in Cleveland. Have you closed up those places yet?

Mr. GUGEL. We have been checking them all.

Senator KEFAUVER. You have been checking them all?

Mr. GUGEL. Yes.

Senator KEFAUVER. How many of them have you closed up?

Mr. GUGEL. Well, I have got a chief of detectives, and he has been very active. They have been raiding places as we go along.

Senator KEFAUVER. Let's get which ones have been raided. Here is the list. Can you show us—I mean, if I hand you the list, would you know the ones that have been closed up?

Mr. GUGEL. Since last month?

Senator KEFAUVER. Well, you had not done anything about it in January.

Mr. GUGEL. We have been doing something about it every day, so far as that goes.

Senator KEFAUVER. I know, but since January, since this was called to your attention, can you tell us which of these places have been closed up?

Mr. GUGEL. Well, I would have to see them, unless you want to read them to me.

Senator KEFAUVER. No [handing book to witness].

Mr. GUGEL. Well, this 313 York Street was raided.

Senator KEFAUVER. Who did you get there and what happened?

Mr. GUGEL. I haven't my records with me on that.

Senator KEFAUVER. You don't have your records?

Mr. GUGEL. But there was an arrest made.

Now, Seventh and Saratoga was raided. In other words, I can go through here and tell you—Fogel, at Fourth and York, that is the Finance Building—

Senator KEFAUVER. Well, as I remember there were about 60 places here, and you don't have your records with you to show what has happened?

Mr. GUGEL. No, all I have got is my record from my men, every day, what they reported in to me.

Senator KEFAUVER. How would it be if you were to go through your records when you go home and send us a report? That is what we asked for in this letter back in August of 1950, about what the situation in connection with these places was. Would you give us a report on that?

Mr. GUGEL. Well, sir, I can do that. I can get my stenographer to go through there.

Senator KEFAUVER. We never got a reply to this letter. It was addressed to you but we never got a reply to it. It was addressed to you on August 18, 1950. Mr. Robinson says in the last paragraph:

I would appreciate it if you would furnish the Special Committee to Investigate Organized Crime in Interstate Commerce with all the information you have or may be able to develop regarding the owners and operators of the Ace Research Service, the activities in which the above-listed persons are engaged, and the efforts being made by the police department to investigate the activities of these people to determine the nature of their operations, as well as any other pertinent information.

Now, I believe you said you turned that letter over to somebody else and thought maybe they would answer it.

Mr. GUGEL. I turned it over to my secretary.

Senator KEFAUVER. Well would you mind ever giving us a reply to the letter, as to what has been done with these places?

Mr. GUGEL. Well, I will check with her and have it sent in.

Senator KEFAUVER. Well, we would appreciate a reply. You don't have the records here to tell us, and if you could check them off one by one and let us know just what the situation about them is, we would appreciate it.

All right, Mr. Rice, do you have anything else?

Mr. RICE. Yes, sir. Where is the Ace Research Co. that serves these people in Newport?

Mr. GUGEL. It is in the 600 block there on York Street.

Mr. RICE. 627?

Mr. GUGEL. That could be the number.

Mr. RICE. Who runs that outfit there?

Mr. GUGEL. Well, according to my information, a man by the name of Gerding.

Mr. RICE. What is his name?

Mr. GUGEL. Gerding, G-e-r-d-i-n-g.

Mr. RICE. What is his first name?

Mr. GUGEL. Claude.

Mr. RICE. Claude Gerding?

Mr. GUGEL. Yes, sir.

Mr. RICE. He runs the Ace Research?

Mr. GUGEL. Yes, sir.

Mr. RICE. What is up in that office?

Mr. GUGEL. I wouldn't know.

Mr. RICE. Did you ever take a look?

Mr. GUGEL. Well, my detectives went up there on instructions from me, and they failed to find anything.

Mr. RICE. They failed to find anything?

Mr. GUGEL. That is right, sir.

Mr. RICE. They are servicing 111 subscribers out there. As a matter of fact, that was just over in Covington, and they have sixty-some in Newport, and all of them were being serviced out of there. Who was the detective you sent down there?

Mr. GUGEL. Well, within the last month or maybe 40 days we have checked it two or three different times. Detective Chief Leroy Fredericks. He is my new chief of detectives. He checked it and failed to find anything.

Mr. RICE. He did not find anything?

Mr. GUGEL. That is right.

Mr. RICE. Are you in a position now to say they are not servicing anybody?

Mr. GUGEL. Well, I will say that to my knowledge I would not know whether they are.

Mr. RICE. Did you ever call Gerding and talk to him?

Mr. GUGEL. No. I sent the detectives up there, sir.

Mr. RICE. Did they find out where he got the service?

Mr. GUGEL. No.

Mr. RICE. Now, about when was it that these detectives went up there?

Mr. GUGEL. As late as 10 days ago I had Detective Collins go up there. Fredericks was on his vacation. They had been on their vacation.

Mr. RICE. When was the first time that you sent the detectives up there?

Mr. GUGEL. Well, right after the Cleveland deal up there, I came back, and it was about in the latter part of January I sent them up there.

Mr. RICE. That was in January, then?

Mr. GUGEL. Yes, sir, and then here about, oh, I will say a month ago, when I was up here in Washington, I was informed that he was still operating, and I sent the detectives up there then.

Mr. RICE. Every time you testify before the committee you send them up there, is that the idea?

Mr. GUGEL. Well, sir, any time I have any information on it, I do.

Mr. RICE. What happened back in August, a year ago? You got a letter there setting forth these places running in August a year ago. What did you do then?

Mr. GUGEL. Well, I testified up before the committee in Cleveland that I turned the letter over to Detective Chief Donnelly, who since has retired, and he handled it.

Mr. RICE. Did you check up on Donnelly to see what he did?

Mr. GUGEL. His report was nothing.

Mr. RICE. His report was nothing?

Mr. GUGEL. Nothing up there.

Mr. RICE. I will agree with that.

Senator KEFAUVER. Well, when did he retire, Mr. Gugel?

Mr. GUGEL. He retired, sir, I think it has been 2 months ago. I don't remember too well. But he was off for maybe 2 or 3 months before that, sick, and then he retired when his sick leave was up.

Mr. RICE. Then who took his place?

Mr. GUGEL. Leroy Fredericks.

Senator KEFAUVER. Did you turn this letter over to Mr. Fredericks?

Mr. GUGEL. Donnelly had all that.

Senator KEFAUVER. You couldn't get it back from Donnelly?

Mr. GUGEL. You remember up in Cleveland, I said he was handling it. I let him take care of it.

Senator KEFAUVER. Well, Mr. Gugel, you just don't want to do very much about this, do you?

Mr. GUGEL. Well, I will do my part about it.

Senator KEFAUVER. Sir?

(No answer.)

Senator KEFAUVER. I mean, you are not very anxious to do much about closing up these places, are you?

Mr. GUGEL. Well, sir, here is the proposition: I have those detectives now, I have got eight detectives, and I turn it over to them, and they are the men who will do the work. I am in the office.

Senator KEFAUVER. I mean, you are the chief law-enforcement officer, aren't you?

Mr. GUGEL. I am the chief of police; yes.

Senator KEFAUVER. You give your full time to it?

Mr. GUGEL. Yes, sir.

Senator KEFAUVER. And these detectives report to you every day about what they find?

Mr. GUGEL. Yes, sir. I have my reports there from my detectives, right there in the folder (indicating.)

Senator KEFAUVER. Well, how about this big club, what is the name of it?

Mr. RICE. The Yorkshire and the Alexandria has been running in the last month.

Senator KEFAUVER. Is the Alexandria running now?

Mr. GUGEL. I would say no.

Senator KEFAUVER. Why do you say that?

Mr. GUGEL. I said the same thing a month ago, they were not running.

Senator KEFAUVER. After that one of our investigators went in and found it running.

Mr. GUGEL. That was before this last trip up, I was up here, I think, around the 18th or the 19th of June.

Senator KEFAUVER. All right. Do you have anything else?

Mr. RICE. That is all.

Senator KEFAUVER. That is all. Thank you, sir. You may go.

Mr. GUGEL. Can I have this book [indicating]?

Mr. RICE. You can get a copy of that by writing in to the Superintendent of Documents.

Senator KEFAUVER. We will send you one. Mr. Rice, will you see that the chief is sent one?

Mr. RICE. Yes.

Senator KEFAUVER. That is my personal one. I have to keep that.

Mr. GUGEL. I am sorry.

Senator KEFAUVER. Now, we have the chief of police of somewhere else.

Mr. RICE. Mr. Rhoads is here.

Senator KEFAUVER. How are you, Mr. Rhoads? Glad to see you again.

Now, before we have Mr. Rhoads testify, there is some other chief of police that I saw outside here. Who is that, Chief Schild of Covington, and you are from Newport, Mr. Rhoads?

Mr. RHOADS. That is right.

Senator KEFAUVER. What other witnesses are there here?

Mr. RICE. Somebody said that Judge Murphy was ill, I believe.

Senator KEFAUVER. No, I understand that Judge Murphy is sitting right over here.

Judge MURPHY. Yes, sir.

Senator KEFAUVER. Well, Mr. Rhoads, will you raise your right hand?

Do you swear that the testimony you give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RHOADS. I do.

**TESTIMONY OF MALCOLM REET RHOADS, CITY MANAGER,
NEWPORT, KY.**

Senator KEFAUVER. You testified at length before the committee at Cleveland?

Mr. RHOADS. I did, Senator.

Senator KEFAUVER. And you told us at that time about the efforts of the city manager, that you had been trying to get put into operation to get better law enforcement there in Newport, and that you became city manager in January 1950; is that correct?

Mr. RHOADS. That is right.

Senator KEFAUVER. What has happened since you testified in Cleveland?

Mr. RHOADS. Senator. I think for the most part since that time it has been a matter of mopping up for all practical purposes. The large-scale operations have been terminated. There had been some cheating efforts. There was one mentioned a month or so ago in the hearing here, the Alexandria Club, which is in Newport.

I think one of the investigators, Mr. Goddard, had found some operations there, and that is the one that Mr. Warren referred to just an hour or so ago.

In view of the fact that we have had quite a bit of difficulty there, they seemed to be able to cheat within 30 minutes after the police visited them, and in view of that I have stationed detectives in that building to stay there until they close, from 10 o'clock in the evening on.

I think that one now is definitely terminated, the gambling activities.

Senator KEFAUVER. What right do you have to place detectives there? I thought that Mr. Gugel was the chief of police.

Mr. RHOADS. He is, Senator; but unfortunately I cannot depend upon the head of that department to do the job that I want done.

Senator KEFAUVER. You mean that these eight detectives he has, or these eight policemen he has, would not do the job?

Mr. RHOADS. They have not done it as I would like to have it done.

Senator KEFAUVER. So you got a detective on your own, or two.

Mr. RHOADS. No; I have been working through that particular group under the city manager act, Senator, and I am in charge of the safety department. I do have control of that department.

Senator KEFAUVER. Do you have charge of the appointment of Mr. Gugel as chief of police, or did you?

Mr. RHOADS. No; I did not have anything to do with that.

Senator KEFAUVER. Who appointed him?

Mr. RHOADS. That appointment was made by the previous city manager, and his appointment was based upon an examination that was held, given by the civil-service board.

Senator KEFAUVER. Have any charges been filed against Mr. Gugel?

Mr. RHOADS. Yes; I think in the hearing in Cleveland we referred to the charges that were preferred against Chief Gugel some time last December, and a suspension of 28 days was given him at that time.

Senator KEFAUVER. Then there was an agreement to do better; wasn't that the situation?

Mr. RHOADS. Yes.

Senator KEFAUVER. Do you think that things have been better since then?

Mr. RHOADS. Yes; I do, Senator, in all fairness to the police department. I think we do have some members on the police department who are anxious and willing, once they know that you are sincere to do a good job, and I have been able to now determine who those men are, and I have used those men to do the job that we have done.

Senator KEFAUVER. Mr. Rice, do you have any questions?

Mr. RICE. Yes. I think Mr. Rhoads would probably want to comment on some testimony that Mr. Thiem, the sergeant on the police department there, gave to this committee. He appeared here and testified a month ago as follows:

First of all—

he is talking about gambling in the Finance Building, and Thiem says:

First of all, there is gambling in the Finance Building, and there always has been, and there is right now.

The CHAIRMAN. Gambling in the Finance Building, you say?

And then I will delete a little bit.

The CHAIRMAN. To what extent?

Mr. THIEM. Bookies; a commission house.

The CHAIRMAN. By bookies—you say there are bookies there?

Mr. THIEM. Yes, sir.

The CHAIRMAN. Have you undertaken to suppress it or to take any steps, or to bring it to the attention of the officials?

Mr. THIEM. Yes, sir; I have.

The CHAIRMAN. To what extent?

Mr. THIEM. I attempted to swear out a warrant for the police on a place known as the Bobben Realty Co.

The CHAIRMAN. Go ahead.

Mr. THIEM. That was in May of 1950. I have my book over here. It was May of 1950. I had the city police judge in the prosecutor's office with me, as I was swearing out the warrant, and the prosecutor excused himself and went into Mr. Rhoads' office, and within a few minutes Mr. Benton, the owner of that building, came to the prosecutor's office and grabbed me by the arm and pulled me outside and asked me what I was trying to do to him. I told him that I was attempting to raid them, the Bobben Realty Co.

The CHAIRMAN. Yes.

Mr. THIEM. He said for me to stall, and I says, "I don't have to stall, the prosecutor is doing that."

With that he ran into the manager's office and after some time I got my warrant, and I went to the Finance Building and the place was closed down.

The CHAIRMAN. Who told you to stall?

Mr. THIEM. Mr. Benton, the owner of the building.

The CHAIRMAN. Who is he?

Mr. THIEM. He is the senior member of Benton, Benton & Ludeki, the firm that Mr. Rhoads is a member of.

Now, you are the city manager, and you are a member of the firm, and a man says it looked like they were trying to stall in the Finance Building.

Mr. RHOADS. Well, in the first place, I am not a member of the firm. I am merely an associate there, and have been since I began to practice law in 1945.

Mr. RICE. Yes. That is for the purpose of expenses.

Mr. RHOADS. That is right, and I still maintain an office in that particular building, and I am convinced, as I am sure you are, that there was some sort of a tip-off on that particular occasion. I have not been able to determine just how the tip-off was made. I believe that there was a tip-off.

However, any insinuation that Mr. Mullencamp, who is an appointee of mine, who was picked on the basis of his being one of the finest and most outstanding young lawyers, and a man of very high integrity, and his whole family is of the same caliber, any reference to that, that he would be any party to that sort of thing, is ridiculous, and I think that any reputable citizen in the county would recognize that as being absurd. I don't recall just how the incident occurred, because it was over a year ago.

Mr. RICE. May of 1950.

Mr. RHOADS. Yes.

Mr. RICE. Did you have any talk with them at that time about this?

Mr. RHOADS. No; I did not have any talk, and he did not report any incident like that to me at that time, and if he had any knowledge of that sort of thing, he should have reported it at that particular time, but he did not.

Mr. RICE. Do you have any interest in the Bobben Realty Co.?

Mr. RHOADS. I do not. The only interest I have in them is to get them out of there, and I have.

Mr. RICE. What sort of an outfit was it?

Mr. RHOADS. So far as I have been able to determine, it was what we call a clearinghouse. It was located in the building. We had a lot of difficulty.

Mr. RICE. A bookie commission outfit?

Mr. RHOADS. I presume that is what it is. Frankly, I don't know too much about how they operate, but it certainly was not, in my opinion, any legitimate business.

Mr. RICE. Who owns the Finance Building?

Mr. RHOADS. It is owned by the Newport Finance Corp.

Mr. RICE. You had a raid down there last week and arrested two men and a woman?

Mr. RHOADS. Yes; that is right. I have assigned a special patrolman to myself to look into some of those operations that I felt were still in effect, and I sent him to this particular place upon some information given to me that there might be one there, and he went over and raided it. We also have been able to terminate the Bobben Realty Co.

Mr. RICE. That is out of business now?

Mr. RHOADS. That is out of business. They tried to move to another location, and someone informed me of their moving, and I got in my car and found where they were moving in at another location. I then obtained the services of a patrol officer, a boy that I can depend on, and I had him to go in while they were moving, and caught them in operation.

Mr. RICE. And were they prosecuted?

Mr. RHOADS. They have been processed through the police court, and it has been submitted to the court. There has not been any decision made on it.

Mr. RICE. Who were the individuals charged, Mr. Rhoads?

Mr. RHOADS. There are two fellows by the name of Lasoff, I believe one they call by—they call them both by nicknames—one they call Big Porky, and another one they call Little Porky. I don't know what their first names are.

Mr. RICE. They have been arrested?

Mr. RHOADS. Yes; they were arrested at that time.

Mr. RICE. Who is prosecuting them?

Mr. RHOADS. The city prosecutor.

Mr. RICE. What is his name?

Mr. RHOADS. George Mullencamp.

Mr. RICE. Yes. Now, in your position as city manager, have you ever heard of the share-the-profit plan, or did you just hear about it this morning?

Mr. RHOADS. Well, I don't know whether they term it that in my locality or not, but when you are in public office there, you must have heard some of those things, because the history of that county has been that of wide-open gambling.

Mr. RICE. Your county, I am talking about.

Mr. RHOADS. Yes; I am talking about Campbell County and, of course, including Newport.

Mr. RICE. In connection with that have you ever been approached by anyone to share the profits?

Mr. RHOADS. I don't know whether you would call it an approach or not. I have had suggestions made that there could be a lot of money made. However, I don't believe that very many would take the liberty to approach me about it.

Mr. RICE. What sort of approach did you get? Be a little more specific about it.

Mr. RHOADS. Well, the first time that I was ever approached was by an anonymous telephone call, and I could not—

Mr. RICE. Was that right after you became city manager?

Mr. RHOADS. That was right after, it wasn't more than probably a week or two after becoming city manager, that I received the call, and this particular person went ahead to say that if I would let things alone, that they would be willing to pay a thousand dollars a week for letting them operate.

Senator KEFAUVER. They would pay you that?

Mr. RHOADS. Yes, yes; but I never could establish the identity of the person making the call.

Mr. RICE. Did it sound like a bona fide offer to you?

Mr. RHOADS. I don't know whether it was or not, because subsequently then there were some remarks made which substantiated that figure, which made me think maybe it must have been.

Mr. RICE. For instance?

Mr. RHOADS. Well, I had a visitor who came to my office on one occasion, and just told me he knew that that much money would be paid.

Mr. RICE. Was he a racket fellow?

Mr. RHOADS. No. This particular person was not in the rackets, and I don't know, and I cannot establish the direct connection. I wish I could.

Mr. RICE. I take it you turned down the telephone offer.

Mr. RHOADS. I turned it down; yes. I turned down the offer.

Mr. RICE. There was no follow-up outside of this feeler you had later on?

Mr. RHOADS. Except then began the second phase of their attempts.

I have observed about three phases of this sort of thing. The first phase of it is an attempt to buy what they want; failing to do that, the next step is to harass and to bluff and try to push you around.

Mr. RICE. How did they do that?

Mr. RHOADS. They do that by calling your home and threatening your family and, well, in my case, I lived in the adjoining county of Fort Thomas, and the city manager before my time lived there. In fact, the city manager of Covington lived in Fort Mitchell. Those are the residential sections of that particular area, and my family were there, and my children were in school there, and I was pretty well established.

The law in Kentucky requires you to live in the city, and then some of the members of the police department had a meeting at this Sergeant Thiem's house, and they signed a petition and sent it to the attorney general, asking that he require me to move into the city, with the idea in mind, in my opinion, that I would possibly resign before I would move in.

I did not take it too seriously at first, but I then learned that actually they were going to take some action, and I went to the attorney general's home and determined that they were going to do it.

Then I did establish a residence in Newport, and subsequently had to sell my house and move into Newport. Then, of course, there were those telephone calls.

Mr. RICE. Had your predecessor lived in Newport?

Mr. RHOADS. He had lived in Newport—no; he had lived in Fort Thomas.

Mr. RICE. They did not bother him?

Mr. RHOADS. Not my predecessor, it was the one before the one preceding me that lived in Fort Thomas, and they didn't—well, I won't say they didn't bother him, because they did do a whole lot of the same thing, although they did not carry it that far. I might add that this was a man of very high integrity that was there, and he told me that they possibly would do that to me, and they did.

Mr. RICE. What other way did they bother you, Mr. Rhoads?

Mr. RHOADS. Well, at the time of the hearing of Mr. Gugel, they put me on trial instead of Mr. Gugel. They tried to do everything they could to embarrass me in a public hearing, knowing quite well that the commissioners were not jurists, and were a quasi-judicial body, probably without power of contempt, and they abused their privilege before that commission.

Personal matters were brought into the trial of the hearing, things that were so obviously attempts to intimidate, that it was very obvious.

Mr. RICE. Did you get any letters like this [indicating], threatening letters of any kind?

Mr. RHOADS. Yes; I did get letters.

Mr. RICE. Did you get—

Mr. RHOADS. However, I don't remember having any where there was any threatened violence. They call you all sort of names. Most of the threats you have are by phone. Most of them were too wise to put a statement like that in writing.

Mr. RICE. What did they tell you over the phone? What would be a sample conversation?

Mr. RHOADS. They call you up, they call you all sorts of names, and they will say, "If you don't pull off, such and such is going to happen."

Mr. RICE. Do they say to pull off a specific place?

Mr. RHOADS. No; I don't recall ever hearing them mention any particular place. "If you don't lay off gambling, one of your children will be run over in the street." Things of that sort.

Of course, you finally get to the point where you don't pay too much attention to it yourself, but it certainly is not very conducive to family domestic tranquility. After all, it is terrible to have your family torn up like that, just because a fellow is trying to do his duty.

I have gone through, I guess, about as much as any man could have in the last 2 years.

Mr. RICE. Would they sometimes call your wife?

Mr. RHOADS. Yes. They would call her, and I have had them call me at midnight and say, "Well, now, if you don't let these places open up"—I remember one lady said that she had three children, and she was going to bring them over and leave them on my doorstep, because her husband was out of work, and I was responsible for him being out of work, so I was going to have to take care of them, and things of that sort.

I might add, too, Senator, I am not at all in accord with some of the statements that have been made here today, relative to the attitude of the public in that area toward gambling.

Senator KEFAUVER. Well, you tell us about what you think of it.

Mr. RHOADS. I think that the people have never been given an opportunity to express themselves regarding it. Until this particular administration in Newport took over 2 years ago, in my opinion, it never has—or there never has been a sincere effort made to clean up that community. People have just gotten to the point where they felt, "What is the use, one group is as bad as another."

And when there is a temporary shut-down the attitude is, "Well, as soon as they get things worked out, they will open up."

I am sure when we were in for a while people had their tongues in their cheeks, but I think now they are definitely convinced.

That is the second phase of it, and the last one and the most vicious of all is the smear campaign that they put on, to try to discredit you in the eyes of the good people of the community.

However, I think they waited too late to start with us, because I think what we have done speaks so loud that they would not be able to hear what they say. That is exactly the way they proceed.

Senator KEFAUVER. What is the smear campaign? What do you mean?

Mr. RHOADS. Any kind of a rumor they can start. This attempt here to infer that there was a tip-off made in a raid. That is the type of thing to reflect on your integrity.

I remember on one occasion, Senator, when Gugel's trial was in progress they brought a woman in and stood her up in front of where I was testifying, and asked me if I knew her.

Now, she never opened her mouth at any time. But the insinuation was there. I have tried to find out where she is and who she is. I have even had detectives trying to locate her, and when we proceeded with the hearings, I prepared to have a warrant issued for her, to have her charged with perjury, if she said anything, but she never showed up and, of course, they never intended for her to show up. But at the same time it was an attempt to infer that there was something involved there.

That is the type of things they will stoop to.

Senator KEFAUVER. Who brought the woman in?

Mr. RHOADS. The attorney for Chief Gugel, who, by the way, is the attorney for this Dennert group, the Alexandria group, Lester, Charles Lester.

Senator KEFAUVER. He is the same attorney that represents the gamblers?

Mr. RHOADS. Oh, yes; yes.

Senator KEFAUVER. Are there any other things like that you want to tell us about?

Mr. RHOADS. The only thing is, Senator, at the last hearing I was very much disappointed, because I had felt so strongly and keenly and said so so many times before, so many groups, as to what this particular group had done to help us. We have been, however, in effect, for our program—we had been working on our program more than a year when this movement started. However, I felt that you and your committee had given us a great deal of help, and I think you have built an attitude now that has taken hold.

There was some mention made that probably no officials in northern Kentucky, or in the northern Kentucky area, were without contamination, or something to that effect, and I don't know just what was said, and I don't think it was made in the hearing, but it was later made by counsel, and it disturbed us greatly.

Senator KEFAUVER. If any statement like that was made, I want to here and now say that it was not representing the views of the committee, and it might have been an inadvertence of some counsel, because we certainly don't mean to castigate all the officials of the counties of northern Kentucky.

Mr. RHOADS. I am sure that you don't.

Senator KEFAUVER. Our experience everywhere is that there are many good officials, and some places have more good ones than other places, as you very well know. But I think in the report we said that there were tie-ups between some officials and some operators.

Mr. RHOADS. And I think you're absolutely right, Senator.

Senator KEFAUVER. And I think you saw our report and you take no exception to that?

Mr. RHOADS. I take no exception to it. I don't believe that conditions could possibly have been like they were and I have been there for 18 years, and I even taught in school there.

Senator KEFAUVER. You have been in public life long enough as a city manager to know that where there is open gambling, and everybody knows about it, it is in the papers, they even advertise in the

papers in Cincinnati, and reports are made that the law enforcement officials are bound to know about it, and they really go after them, if they do they can clean them up, can't they?

Mr. RHOADS. You can, and, Senator, I do want to say this, that I have no personal feeling toward Chief Gugel. I am not concerned about who is chief of police. If he will do the job that ought to be done there, he can stay as long as he wants to, so far as I am concerned. I am not interested in anybody's scalp, so long as they do their job.

There is one thing I think probably you might be interested in knowing and that is that we are now taking some new steps toward trying to clean up the wire service. We passed an ordinance requiring the Western Union Telegraph Co. to give us a plat showing their installations, and we have just recently received that plat.

Now, it is our intention to have their officials, someone there, to identify their wires, and those wires that are not theirs and are on the city streets without any permits, and we are going to cut them and we feel as though that will cut off most of the service. It is better and it will probably be easier than trying to run them out of every little back room some place, and I think that definitely will stop it, and stop even the cheating operations.

Senator KEFAUVER. Well, how about this Ace Research Service at 617 York Street. Is that the central point of dissemination?

Mr. RHOADS. Senator, I think they have moved from there. I don't know where they are. I have not been able to locate them. They are not in that particular location at present, but I think they have moved their location some place else. I am not sure where it is.

However, upon information from Cleveland I did determine that this periodical distributing corporation in Cincinnati, which was referred to today by someone, is being operated by a man by the name of Cullen, is where the service is coming from. I took it up with the city manager of Cincinnati and he conducted an investigation. In fact, they went to the office and they were not able to find a ticker service, or what ever they use to get the information over, but it is definitely and has been located in Cincinnati.

Senator KEFAUVER. Do you have anything else, Mr. Rice?

Mr. RICE. No, sir.

Senator KEFAUVER. Well, Mr. Rhoads, I hope you will keep up your effort.

Judge Murphy, will you come around.

Mr. GUGEL. Senator O'Connor asked me at the last meeting to bring a letter which I had, or to send him the letter.

Senator KEFAUVER. Mr. Rhoads, this may concern you, so you had better come around.

Mr. RHOADS. Yes; I will.

FURTHER TESTIMONY OF GEORGE GUGEL, CHIEF OF POLICE, NEWPORT, KY.

Mr. GUGEL. That is what it is, you heard it, but Senator O'Connor said he would like to have this, so I had a photostatic copy made of it, and I have the letter here.

Would you want me to read it and file it?

Senator KEFAUVER. Sure, read it. What is it?

Mr. GUGEL. This is dated February 15, 1950, at 4 p. m. [Reading:]

At 4 p. m., February 14, 1950, I visited Manager Rhoads' office—

Senator KEFAUVER. This is a letter addressed to whom?

Mr. GUGEL. The letter I had—the letter is not addressed to anybody. But Senator O'Connor asked me about it and said that he would like to have it, and I failed to send it up here, but I wanted to bring it up here today and I wanted to present it.

Senator KEFAUVER. All right. The letter is already in the record at page 384 of the hearings in Cleveland.

Mr. GUGEL. It is?

Senator KEFAUVER. Yes, on January 18.

Mr. GUGEL. But Senator O'Connor was not there. At the last meeting he was here, though.

Senator KEFAUVER. But at Cleveland, Ohio, you presented this at the time you testified.

Mr. GUGEL. Well, Mr. Nellis talked to Senator O'Connor, and they wanted a copy.

Senator KEFAUVER. Senator O'Connor was not here. The letter begins:

4 p. m., February 15, 1950, I visited Manager Rhoads' office—

Is that the way it starts?

Mr. GUGEL. That is right, sir.

Senator KEFAUVER. It is the same. However, we may as well get the issue out here and see what it is about, since it has been brought up in the hearing.

Mr. GUGEL. I brought it along for Senator O'Connor.

Senator KEFAUVER. The matter was fully gone into at this hearing in Cleveland, at which Senator O'Connor was not present, and this statement was read and Mr. Rhoads testified in explanation of it.

Mr. GUGEL. I see.

Senator KEFAUVER. Now, if you want to go over the same thing—

Mr. GUGEL. Well, it is all right—

Senator KEFAUVER. If you want to go over this, it is all right, but without reading the letter state what the substance is.

Mr. GUGEL. Well, if you don't want to listen to it—I brought it up for Senator O'Connor.

Senator KEFAUVER. Well, now, listen, let it be filed and it will be given to Senator O'Connor. He apparently was not aware of the fact that it was already in the record.

Mr. GUGEL. That is what I thought.

Senator KEFAUVER. The substance of it was that Manager Rhoads was not interested in the Merchants Club at 15 East Fourth Street, or the Yorkshire Club at 518 York Street, and the only place he was interested in, or places, were those operated by Arthur Dennert, which are the Flamingo Club at 63 York Street, the Glenn Rendezvous at 928 Memphis Street, and the Club Alexandria at 2124 Monmouth Street, because Dennert was the only operator who filed suit in the court concerning his assessments of personal property.

Detective Chief Donley asked the manager, "You mean to tell me you do not want these other places stopped?" and the manager said "No."

Detective Donley asked this question two or three times and the manager's answer was the same, "No. I am not interested in any of the places outside of the dinner clubs."

That is the substance of what we are talking about?

Mr. GUGEL. That is it.

Senator KEFAUVER. Is there anything else you wish to state about that?

Mr. GUGEL. No, sir.

Senator KEFAUVER. All right. Will you sit over here just a minute.

Mr. GUGEL. Yes.

FURTHER TESTIMONY OF MALCOLM REET RHOADS, CITY MAN- AGER, NEWPORT, KY.

Senator KEFAUVER. Mr. Rhoads, since the matter has been brought into this hearing, you are, of course, familiar with this letter?

Mr. RHOADS. Yes; I am familiar with it, Senator.

Senator KEFAUVER. Tell us about it again so there cannot be any misunderstanding.

Mr. RHOADS. Yes. I do want to make that very clear, that early in the part of the year—

Senator KEFAUVER. Of 1950?

Mr. RHOADS. Of 1950.

Senator KEFAUVER. Yes.

Mr. RHOADS. Attorney Lester filed some 41 or 42 tax suits which they were protesting the amount of the assessment that was placed on the personal property, and I called the detectives, I think—I have forgotten whether the chief was present at that time or not—and I told them to go to those places mentioned and to take an inventory of all the personal property there.

I made it very clear where they were to go and to take an inventory. They came back, stalled around, and acted as if they did not know what they were supposed to do, and asked me about, oh, I don't know, but I think they mentioned probably the Yorkshire and also the Merchants Club, and I told them to go back and do exactly what I had asked them to do.

Now, to prove the insincerity of a statement like that—

Senator KEFAUVER. You mean then that you were talking about going and making this inventory, that those were the places you were interested in, in connection with that matter?

Mr. RHOADS. Yes, in connection with the protest they filed regarding their assessment. That is exactly right. There was no mention of gambling or anything else.

Senator KEFAUVER. You were not talking about gambling and law violations?

Mr. RHOADS. No, that cannot enter into it at all. The Merchants Club, I ordered a raid on personally, and the Yorkshire also.

Senator KEFAUVER. Those are the ones that they inferred you were not interested in connection with their criminal operations?

Mr. RHOADS. That is right.

Senator KEFAUVER. Did you personally order a raid on the Yorkshire Club?

Mr. RHOADS. Yes, I did.

Senator KEFAUVER. When was that?

MR. RHOADS. I am not sure but it must have been sometime in the fall of 1950.

SENATOR KEFAUVER. Did you order a raid on the Merchants Club?

MR. RHOADS. Yes. In fact, most of the places that were raided I had to give a special order to raid them.

SENATOR KEFAUVER. Do you have anything else you want to say about them?

MR. RHOADS. Well, there is something, and I almost omitted it, that I think you would be interested in.

When we came into the office we found that the city had been taxing and licensing these handbooks and gambling casinos and actually they were issuing licenses for them in the form of a brokerage license.

I have here a list of the places in Newport and the addresses that were licensed by the city.

MR. RICE. What year is that, Mr. Rhoads?

MR. RHOADS. This is in the year of 1949.

SENATOR KEFAUVER. Chief Gugel, we will make this letter an exhibit to this hearing, because I think it should be in this hearing also.

MR. GUGEL. O. K.

SENATOR KEFAUVER. That is, a photostatic copy of the letter.

MR. GUGEL. Yes, sir.

SENATOR KEFAUVER. Let this be exhibit No. 11, please.

(The document referred to was marked "Exhibit No. 11" and may be found in the appendix on p. 235.)

SENATOR KEFAUVER. And we will mark this as an exhibit to your testimony, if that is all right.

MR. RHOADS. Yes.

SENATOR KEFAUVER. And then, this document that you are submitting, Mr. Rhoads, we will make that as an exhibit to your testimony, if that is all right with you.

MR. RHOADS. Yes, certainly.

SENATOR KEFAUVER. It will be marked as "Exhibit No. 12" of your testimony.

MR. RHOADS. All right.

(The document referred to above was marked "Exhibit No. 12," and appears in the appendix on p. 236.)

MR. RHOADS. I see one place where they paid as much as \$8,090 license to operate. That was based on a sales, or rather, a payroll tax part of that.

The ordinary handbook, as it indicates here paid \$250.

MR. RICE. What place is that you are talking about?

MR. RHOADS. The one I am talking about, the \$8,090, was the Yorkshire.

MR. RICE. What do they call that, brokerage?

MR. RHOADS. That one was based on a payroll tax, if they got up to a certain size they paid on a payroll tax, and the smaller ones paid a flat fee.

SENATOR KEFAUVER. What are they paying to do?

MR. RHOADS. To operate a bookie, I suppose. They were licensed to do it.

SENATOR KEFAUVER. What does the license say it is for?

MR. RHOADS. For brokerage. They call it a brokerage license. I think I counted about a hundred names here, or 101, maybe.

Mr. RICE. How much did they charge the Yorkshire Club?

Mr. RHOADS. Well, the Yorkshire Club, they charged \$8,090.40.

Mr. RICE. For a brokerage license?

Mr. RHOADS. That was in lieu of their brokerage license. That is your payroll tax.

Mr. RICE. What became of that money?

Mr. RHOADS. That went into the city fund, in the general fund in the city treasury.

Mr. RICE. Yes.

Senator KEFAUVER. All right. That has been filed as exhibit No. 12 to your testimony.

Mr. RICE. Do you recognize any other gambling places on there?

Mr. RHOADS. Yes; I see the Glenn Rendezvous on here, and I see the Club Flamingo on here, and the Merchants Club.

Mr. RICE. How about the Alexandria?

Mr. RHOADS. I think it is on here; yes.

Mr. RICE. How much did they pay?

Mr. RHOADS. \$572.76—but they only paid \$500 of it, however. I see there was a balance. The amount they were to have paid was \$572.76.

Mr. RICE. Were there any other large amounts like the Yorkshire?

Mr. RHOADS. I think those I read off are the only large ones. There are several \$500 licenses here, and I understand that was for clearing-houses. They distinguished between a clearinghouse and a bookie.

Mr. RICE. What was the other price paid?

Mr. RHOADS. \$500 was paid by the clearinghouse for a brokerage license, and \$250 was paid by bookies. It amounted to \$50,109.99.

Senator KEFAUVER. What year was that?

Mr. RHOADS. That was 1949. This, however, is no longer in effect.

Mr. RICE. What happened in 1950?

Mr. RHOADS. Well, in 1950, of course, we did not tolerate a thing like that. I cannot see any difference between a city and an individual taking graft.

Mr. RICE. Did the question come up in 1950 of whether that should be corrected or not?

Mr. RHOADS. No. This was repealed immediately before the old administration left.

Mr. RICE. I see.

Mr. RHOADS. With the idea, I suppose, that we could not operate if they did, and we operated in the black without this money coming in.

Senator KEFAUVER. Isn't the situation better since the places have been closed down, so that people have more money to spend in the stores?

Mr. RHOADS. I feel that is sure. At first there was a question in the minds of some of the businessmen that they had been sold a bill of goods, and a lot of them felt possibly that was a part of the community that could not be dispensed with and, in fact, we had a petition presented to the board protesting our action by reputable businessmen.

Now, some of those, some of those businessmen have come to me privately and even some of them at that time called me up and said, "So and so was here, and I put my name on their petition," and told me not to pay any attention to it. I have had several come to me since that time and tell me that it hasn't hurt their business.

The bank accounts will justify that.

There is another point that is important. We had not been able to develop northern Kentucky as it should develop industry. As a member of the industrial committee of the State chamber, I was told pointedly by some very good friends of mine that the reason why northern Kentucky had not developed industrially as it should have was because they hesitated to come into a community where the economy was so unsound as that of northern Kentucky.

Senator KEFAUVER. You told about two industries you lost because of the gambling conditions.

Mr. RHOADS. Well, I think that was someone else who referred to it. I do know this, that we are having more inquiries now, and we have had more inquiries in the last 2 years than we have had in many years regarding the location of industries in our particular area. Every week I have someone representing industry in there looking for a location, and they are very frank to say that if conditions continue as they are now they will be glad to come into that area. We hope to extend it to the entire county.

Senator KEFAUVER. Well, I was much impressed by what you said in Cleveland, and they tell us that now—this is what you said—“They tell us that now children are drinking milk that didn’t drink milk before, they are buying more groceries; business generally has improved instead of declined since this has taken place.”

Mr. RHOADS. Yes; and the dairyman who said that signed a petition against what we were doing, and then came back later and made that statement.

Senator KEFAUVER. That is what you said at the hearing.

Mr. RHOADS. Yes; the same man that made that statement was the man who protested against it.

Senator KEFAUVER. And you were asked the question: “How about juvenile delinquency?”

Mr. RHOADS. Senator, we have fewer arrests in the city of Newport now sometimes for a month than at times in the past had been in police court on a Monday morning. It has made just that much difference.

Senator KEFAUVER. How much do you say, what difference do you think? Can you put it at a percentage?

Mr. RHOADS. I did have some figures, but I don’t have them with me, and they are not up to date. But, for instance, I remember one month, I think it was about 3 months ago, I don’t know which month it was but I think there were 32 arrests made for that entire month, and the chief can tell you more about that than I can because he signs the reports and sends them up.

Senator KEFAUVER. How did that compare with the same month preceding it?

Mr. RHOADS. The month before was not very much larger, but it certainly compares very favorably with the report of 2 or 3 years ago.

Senator KEFAUVER. So there has been a definite decline?

Mr. RHOADS. A definite decline, that is true.

Senator KEFAUVER. And that bugaboo about the majority of the people wanting wide-open gambling, et cetera, what is your opinion about that?

Mr. RHOADS. Well, the best answer to that, Senator, is that they protested 2 years ago to the point that they went out and elected, by a tremendous majority, four fine, outstanding businessmen to office.

Now, the same thing is taking hold in Kenton County. They have formed an organization over there to do the same thing, and they have extended it county-wide. They have appointed the Campbell County Civic Association and they have selected candidates for law-enforcement officers. I might say that I am one of the candidates for Commonwealth attorney that is sponsored by that group.

Senator KEFAUVER. So, as Senator Tobey would say, you think there is an aroused public interest?

Mr. RHOADS. I think there is an aroused public interest and it has expressed itself very forcibly in the city of Newport.

Senator KEFAUVER. All right.

Now, Mr. Rhoads, I am going to risk taking a shot at sizing a man up. In my opinion, there have been some things brought against you here, but you look to me like an honest, forthright man, and I believe you are conscientiously and correspondingly trying to do a good job. I hope I am never proven wrong.

Mr. RHOADS. Thank you, Senator. I am sure that you won't be.

Senator KEFAUVER. I wish I could say that about Chief Gugel, but I cannot.

Mr. RICE. Our next witness will be Judge Murphy.

Senator KEFAUVER. Will you raise your right hand and be sworn, please?

Judge MURPHY. Yes.

Senator KEFAUVER. Do you swear the testimony you shall give shall be the truth, so help you God?

Judge MURPHY. I do.

TESTIMONY OF HON. RAY L. MURPHY, JUDGE, CAMPBELL COUNTY CIRCUIT COURT

Senator KEFAUVER. Now, Judge Murphy, you are the circuit-court judge of the criminal division for Campbell County, is that correct?

Judge MURPHY. No, sir; it is not, Senator. I am circuit-court judge of Campbell County. That is the seventeenth judicial district. We don't have any divisions.

Senator KEFAUVER. The criminal division? You don't have any divisions?

Judge MURPHY. No divisions.

Senator KEFAUVER. How long have you been judge?

Judge MURPHY. Eleven years, June 10 past.

Senator KEFAUVER. Judge, you have issued a number of injunctions and have tried to get some of these operators. Do you want to give us a general statement about what you have done, what the situation is?

Judge MURPHY. Senator, I did not issue any injunction or injunctions against any individual or individual operating any of these establishments.

In 1943 Hubert Meredith, the attorney general of Kentucky at that time, instituted an action on behalf of the Commonwealth against a number of alleged gambling operators and nearly every public official in the county, asking the court to grant a permanent injunction against the operators and the officials.

I was out of town when that suit was filed. The temporary injunction was issued by Judge Newell, who at that time was circuit judge

of the nineteenth judicial district, which was an adjoining district to my district.

When I arrived back home after this suit had been instituted, and the preliminary orders had been issued by Judge Newell, I proceeded to issue several orders with reference to the custody of certain property which had been seized, pursuant to preliminary orders that had been issued by Judge Newell.

The attorney general then made a request of me that I vacate the bench, and I declined to vacate the bench. The attorney general named me as a defendant.

After the amended petition was filed, Attorney General Meredith filed an action in the Court of Appeals of Kentucky to prohibit me from sitting in the case. I contended at the time that the amended petition had not been filed in good faith. It was contested in the Court of Appeals of Kentucky, and the court of appeals granted a permanent writ of prohibition which took me out of the case.

Subsequent thereto—oh, within 2 months' time—I was dismissed out of the case as a defendant. So, I did not sit in the case. I did not enter any orders except the two preliminary orders, which bore little or no significance.

Senator KEFAUVER. Well, what were the grounds for keeping you out of the case?

Judge MURPHY. Apparently they did not have any evidence on which to put me in the case in the beginning.

Senator KEFAUVER. Well, I mean, I thought they had removed you from hearing the case. Is that what you are talking about?

Judge MURPHY. If I have not made myself clear, Senator—

Senator KEFAUVER. I am afraid you have not made yourself clear.

Judge MURPHY (continuing). When the suit was originally filed, I was absent from the district.

Senator KEFAUVER. What was the nature of this suit?

Judge MURPHY. It was an injunction action instituted by the Commonwealth of Kentucky on relation of Hubert Meredith, the attorney general of Kentucky.

Senator KEFAUVER. It was based on evidence against a number of people allegedly operating illegally?

Judge MURPHY. Allegedly operating gaming establishments, and the officials—

Mr. RICE. What clubs were they connected with, Judge?

Judge MURPHY. Well, I think the name of Beverly Hills was mentioned, and the name of Yorkshire was mentioned, and the name of the Glenn Rendezvous and the Merchants Club.

Mr. RICE. The major establishments in the county?

Judge MURPHY. Yes.

Senator KEFAUVER. Was it alleged also that it was issued against certain public officials, including you—on the grounds of what?

Judge MURPHY. Originally, I was not included in the action, but in the amended petition I was made a defendant, and it was alleged in the amended petition that I had knowledge of these establishments and that I had, by visiting the establishments, given to the operators the implied assurance that they need not worry about me. I am trying to recall the language used in the amended petition, in substance.

Senator KEFAUVER. This order was issued, the injunctions were issued, by a visiting judge; is that right?

Judge MURPHY. Yes, sir. When I was disqualified, the chief justice of the court of appeals appointed John L. Vest as special judge.

Now, I might say that he remained in the case for approximately 3 or 4 months, for some time, I am not sure about the exact length of time, and then he disqualified himself, and another special judge was appointed, and he remained in the case and he did sign and enter the final judgment in the case. I have a copy of that judgment.

Senator KEFAUVER. Well, anyway, the judgment dismissed you as one of the defendants?

Judge MURPHY. No; the judgment, Senator—not that—I was dismissed before the judgment had been entered. I was dismissed by motion of the attorney general. I was taken out of the case.

Senator KEFAUVER. Let us see a copy of the judgment.

Judge MURPHY. Yes, sir.

Senator KEFAUVER. The motion of the attorney general dismissing you, on what grounds was that made?

Judge MURPHY. He did not give any reason for it.

Senator KEFAUVER. Well, did you file an answer saying that this allegation was not true, that you knew something about the operations?

Judge MURPHY. Oh, yes; oh, yes; I am certain we filed an answer.

Senator KEFAUVER. Is this the judgment?

Judge MURPHY. That is the judgment, in the injunction suit, the final judgment that was entered.

Senator KEFAUVER. Is this an original paper?

Judge MURPHY. No, sir; it is not.

Senator KEFAUVER. It is a certified copy?

Judge MURPHY. The original judgment is with the court records, of course.

Senator KEFAUVER. May we have this?

Judge MURPHY. Yes; I brought it for this purpose.

Senator KEFAUVER. We will not have it copied into the record because it is long, but it will be made exhibit No. 13.

(The document referred to above was marked "Exhibit No. 13" and is on file with the committee.)

Senator KEFAUVER. Mr. Rice, do you want to ask the witness any questions?

Mr. RICE. Yes. Judge, you charge grand juries from time to time?

Judge MURPHY. Yes, sir.

Mr. RICE. Your grand jury sits what, three times a year?

Judge MURPHY. Four times a year. Three times in Newport, and one grand jury a year in Alexandria, which is a dual, one of the dual county seats in our county.

Mr. RICE. Do you reduce your charge to writing like Judge Good-enough does?

Judge MURPHY. Mr. Rice, for the most part, I would say "Yes." However, I have here perhaps 20 or 30 written pages that have been made over a period of years, but there have been times when I used the previous charge as a pattern rather than rewriting each charge. I use the previous charge as a pattern in that case.

Mr. RICE. I am wondering if in any of those charges, particularly in recent months, you have made reference to the testimony that was adduced before the Senate Crime Committee in the Cleveland hearing

in January, or the published list of receipts for Federal taxes paid on slot machines in Campbell County, or to the published list of wire-service drops in the county. I think in those cases, numbering nearly a hundred, and a great number of slot-machine receipts, which would seem to be prima facie evidence, that there was open and widespread gambling together with the acknowledgement of open and notorious gambling at the Yorkshire and Beverly Hills, as indicated from the testimony of Mr. Giesey in Cleveland that was published in the paper. Have you brought that to the attention of the grand juries in recent months?

Judge MURPHY. It seems to me, Mr. Rice—I am not absolutely sure about this, but it seems to me that I did make reference to the investigation that had been conducted in Cleveland, just a couple of weeks prior to the empaneling of the February grand jury, which is empaneled in February.

I repeatedly informed my grand juries that they should investigate all types of law violations, and I have placed particular stress on gaming violations with the admonition to the jury to make a thorough and comprehensive investigation of not only gaming but of all its ramifications; the investigation to encompass the relation of any public official with the tolerance or sufferance of gaming.

I have specifically instructed grand juries to consider the published list of slot-machine licenses, relating to our community carrying, as I recall, the name of the licensee and the amount paid in Federal licenses and, of course, the number of machines that were licensed.

That has been referred to grand juries repeatedly by me.

Mr. RICE. Yes, sir, and did you—

Senator KEFAUVER. Well, Mr. Rice, I wonder if he has a copy of his last written charge there.

Judge MURPHY. I don't think I have, Senator. I have got, as I said before, I have used many of these charges as patterns in charging grand juries, and I have many copies here. Here is one for June 1943, and there is one for October 1948.

Senator KEFAUVER. Let us see the one from October 1948. Is that the last one?

Judge MURPHY. Yes, sir. It augments—I use this just as an augmentation to some previous charges that I had used as a pattern. It touches upon a matter that I wanted to specifically call to the grand jury's attention.

Mr. RICE. Do you ever recall inviting their attention to the statute of limitations?

Judge MURPHY. No, sir; I don't believe that I have ever made reference to the statute of limitations to the grand jury.

Mr. RICE. Well, your interpretation is that it is 5 years in connection with gaming; is that correct?

Judge MURPHY. I would want to look at the statute, Mr. Rice, before I advanced an opinion, but I believe that there is a 5-year limitation on certain phases of gambling, and if I am not mistaken I believe there is a 1-year limitation on other phases of gambling activity which constitutes, of course, violations of the law, as all gaming does.

Senator KEFAUVER. I think the reason, Judge Murphy, that Mr. Rice asked that question is because we have an unusual situation, in that one grand jury, at least, only considers what happens to be going on at the time the grand jury is in session, and they do not seem to

consider it of special importance looking into things that had happened within the period of limitation prior thereto, particularly in regard to gambling and gaming.

Mr. RICE. Well, to follow that up, in our investigation of organized crime in interstate commerce, we find that the big Cleveland syndicate seems to have operated openly and notoriously in the Newport area during a time in which it would seem to me that they would be indicted, but in interrogating some of the members of the syndicate we failed to find they had ever been particularly concerned about law enforcement or the grand jury. They had never been bothered, they had never been arrested; they never had been tried for any offense.

I have not asked you, but I take it there have been no indictments returned by the grand juries, following your charge, which would in any way disturb the big syndicate. Isn't that true?

Judge MURPHY. I don't know if they were disturbed or not, but apparently that is true, Mr. Rice. They were not disturbed or perturbed by any grand jury action. I think that evidently is the record.

Senator KEFAUVER. What have your grand juries done in Campbell County, Judge Murphy? Have they brought in any indictments recently against any of these gamblers or operators?

Judge MURPHY. What do you mean by "recently", Senator?

Senator KEFAUVER. I mean, February when you charged the grand jury last.

Judge MURPHY. I believe there were several indictments returned. I know there were several indictments returned. I cannot recall the names of the individuals or the establishments, either by the February grand jury or the last May grand jury that was empaneled just a couple of months ago.

Senator KEFAUVER. This October 1948 charge seems to deal with specific things which you don't talk about in generalities in that charge.

Judge MURPHY. Well, of course, Senator, maybe I can look at it and—

Senator KEFAUVER. In other words, I don't find any request that they look into the violation of the gaming laws.

Judge MURPHY. Well, I would say, Senator, that so much of the charge that was given in October of 1948 was a repetition of charges made by me to every grand jury.

It is incumbent, under the law, that the circuit court judge charge specifically with reference to gaming violations, and those sections are read verbatim to the jury. I have never failed at any time to follow the law in specifically referring to a gaming violation or gaming violations.

Mr. RICE. Those grand juries make a report in Campbell County, do they not? We have had some reports from Kenton County. Do the grand juries in Campbell County make a report?

Judge MURPHY. Yes, sir, they do.

Mr. RICE. What becomes of those?

Judge MURPHY. They are filed with the clerk of the court.

Mr. RICE. And they make a record of the indictments returned if any?

Judge MURPHY. Yes, sir.

Mr. RICE. Have there ever been any felony indictments for gambling in Campbell County returned, to your knowledge?

Judge MURPHY. Yes, sir, there have been.

Mr. RICE. Have there been any convictions following that?

Judge MURPHY. No, sir, there have not.

Mr. RICE. It has never been necessary for anyone to sentence anyone to jail?

Judge MURPHY. The jury never gave me an opportunity.

Senator KEFAUVER. What is your trouble down there? Do you want to tell us about it?

Mr. RICE. Well, here is one thing that is a little inconsistent. In Judge Murphy's court the injunctions were issued, which would seem to indicate that at least in some circles there was no sympathy for the gaming operations, but I think it is safe to say that subsequent to the issuance of those permanent injunctions, gambling was open and notorious, as witness the handling of several million dollars in a 2-year period, under which you could not help but know, because it was a public proposition, and yet there seems to have been no effort made to follow up and enforce the mandate of the court, which would seem to be contemptuous that these places operated after the injunction.

Would you say you were not in sympathy with those injunctions?

Judge MURPHY. No, I would not say that I was not in sympathy with the injunctions, but I would say the converse, that I was, and I am in sympathy with the injunctions, Mr. Rice, but the injunction is not applicable, it is against the individual, and there has never been brought to my attention any factual basis or matter upon which a court would be justified in moving *sui sponta* on its own motion, and there has not been any affidavit filed in support of a motion by anybody that any individual who had been enjoined by the court be brought before the court as a contemner.

Now, if that did happen, if some person was brought before me, as judge of the Campbell Circuit Court and charged with being in contempt of that permanent injunction, I would feel constrained to vacate the bench because I would be permanently prohibited from sitting in the case as a trial judge, and I would feel that it might appear improper for me to sit in this phase of the case or the phase of the case as represented by an action for contempt against a defendant who had been enjoined.

Mr. RICE. In other words, it is more or less of a nullity, so far as you are concerned now?

Judge MURPHY. It is what?

Mr. RICE. A nullity.

Judge MURPHY. The injunction?

Mr. RICE. Yes.

Judge MURPHY. Mr. Rice, if you want my candid opinion about it, I think the judgment is as full of holes as a piece of Swiss cheese.

Mr. RICE. Well, it adds up to the same thing, then?

Judge MURPHY. Yes.

Senator KEFAUVER. What is the idea of having to get an injunction to keep people from violating the law? It looks as though the law itself would be a sufficient injunction.

Judge MURPHY. I agree with you, Senator, and I will say that that is—

Senator KEFAUVER. I can see this difference, that in one case they are violating the law, and in the other case they are violating the law

plus a mandate of the court, which would give the court something to act upon.

Judge MURPHY. Yes, sir.

Senator KEFAUVER. I notice there is an injunction against John Croft in this decree that you gave me. This was back in 1944.

Mr. RICE. Croft appears in Yorkshire for the years 1948 and 1949, as drawing down \$33,000. He also appears in the Beverly Hills as a partner for the years 1948 and 1949, drawing down an additional \$26,000.

It looks like even though the injunction is in personam against John Croft, he has been a little bit active there, to the extent of better than \$50,000.

Senator KEFAUVER. How would somebody go about getting this injunction enforced against John Croft?

Judge MURPHY. There would have to be a motion filed, and in support of the motion an affidavit that Croft, who was permanently enjoined by that decree, had violated the provisions of the decree, and he should be hailed into court and show cause why he should not be punished for contempt of court.

Now, the limit of punishment, in my opinion, that would be a civil contempt, and the limit of punishment in a criminal contempt is 30 hours in jail and \$30 fine, unless you empanel a jury and let the jury fix the punishment, and that is probably what would be done in the case.

Senator KEFAUVER. I notice here, Judge, that the proceedings against Lee B. Keslar, who was the sheriff of Campbell County—no, it says John Croft, Samuel Tucker, and Samuel Schroeder, which have not been heard by the court, are held in abeyance until the action by the court of appeals—do you know what action the court of appeals took?

Judge MURPHY. Of course, Senator, I was not the judge in the case and I cannot remember what that relates to. The reference in the decree—

Senator KEFAUVER. There seems to be two injunctions against John Croft, one of which was appealed from.

Well, do you have anything else, Mr. Rice?

Mr. RICE. Well—

Senator KEFAUVER. I was going to ask you, what is the trouble, Judge, or what has been the trouble?

Judge MURPHY. You mean with the juries?

Senator KEFAUVER. With this matter generally. Apparently the grand juries haven't done anything about it substantially, I mean, these big operations have been going on and they have gotten some of the little fellows, but they never seem to get the big fellows. What do you think the trouble is?

Judge MURPHY. Well, Senator, I am afraid I could not give you a full and comprehensive answer to that question. I don't know. They talk about the community being a liberal community. Perhaps that is the answer. I don't know.

Of course, I have said on many occasions that there is a difference between liberalism and license.

Senator KEFAUVER. I should think that would be true.

Judge MURPHY. Yes. I know that I instruct the grand juries. Of course, I don't have any right to go into the grand jury room and

demand that the grand jury return indictments on felonies, or demand that they ignore cases, or charges, or that they return indictments for misdemeanors. It is up to the grand jury, and that is the only answer I can make to your question, Senator.

Senator KEFAUVER. Do they close down during the time your grand juries are in session.

Judge MURPHY. That has been advertised by the press. They have, on occasions, printed stories that with the impaneling of the grand jury there would be a cessation of gaming activities.

Senator KEFAUVER. Well, earlier, Judge, Judge Goodenough testified that his grand jury was recessed over for about 6 weeks and that during that time the places were closed up in his county, or it had that effect. Do you think that might be one of the answers, to keep the grand jury in constant session, or rather, so it could be available for session at any time, or to recess it over for a long period of time?

Judge MURPHY. It might be, Senator, but, of course, you can recess a grand jury—but you cannot recess a grand jury beyond the date for the succeeding grand jury to be impaneled.

You might work it out on a time basis, to recess it periodically, and let the jury remain in session 2 days, recess it for a month, come back and remain in session two more days, and recess it again for a period of time to encompass the period of time existing between the two grand juries. That might be possible.

I think the more feasible and practical thing to do would be to have the legislature revise the law so that the grand jury could be an operating unit 365 days out of the year.

Mr. RICE. I think a Federal grand jury can run 18 months.

Judge MURPHY. I don't dispute that. I know they have a more effective set-up in the Federal juries.

Senator KEFAUVER. I think Illinois had a 30-day limit on their grand juries, and I believe that they succeeded in getting a bill passed in their last legislature to enable them to have longer sessions.

Judge MURPHY. Yes.

Mr. RICE. Yes, that is so.

Senator KEFAUVER. Do you have anything else, Mr. Rice?

Mr. RICE. I have no questions, sir.

Senator KEFAUVER. Judge, do you have anything else you want to say?

Judge MURPHY. No, sir, I don't think so.

Senator KEFAUVER. All right. Thank you very much, sir.

Now, Chief—here is the chief.

Chief, will you raise your right hand and be sworn.

Do you swear the testimony you shall give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHILD. I do.

TESTIMONY OF ALFRED S. SCHILD, CHIEF OF POLICE, COVINGTON, KY.

Senator KEFAUVER. Chief, Senator O'Connor has been conducting these hearings, so I am not familiar with just the exact matters I want you to testify about, but you are the chief of police for Covington, are you not?

Mr. SCHILD. Yes, sir.

Senator KEFAUVER. What is your full name?

Mr. SCHILD. Alfred Schild.

Senator KEFAUVER. But you pronounce it "S-h-i-e-l-d"?

Mr. SCHILD. Yes, sir. There is no "e" in it.

Senator KEFAUVER. How long have you been chief of police of Covington?

Mr. SCHILD. I have been chief of police about 12 years, and I have been on the department 38.

Senator KEFAUVER. How are you appointed?

Mr. SCHILD. Civil-service examination.

Senator KEFAUVER. Then the city commission and the mayor make the appointment from an eligible list?

Mr. SCHILD. Yes, sir.

Senator KEFAUVER. How old are you, Chief?

Mr. SCHILD. Sixty-eight.

Senator KEFAUVER. And how much are you paid?

Mr. SCHILD. Forty-three hundred dollars a year.

Senator KEFAUVER. How large a town is Covington, by the way?

Mr. SCHILD. Sixty-two thousand.

Senator KEFAUVER. Well, you ought to be paid more than that, but that is not a matter which we are here for. How much of a force do you have?

Mr. SCHILD. Seventy-two men.

Senator KEFAUVER. And you have charge of the law enforcement for the city of Covington?

Mr. SCHILD. Yes, sir.

Senator KEFAUVER. Mr. Rice, what operations do we have in Covington?

Mr. RICE. Yes, sir, we have the Kentucky Club, the Kenton Club, the 514, and I think the Kentucky is also known as the 627, isn't that right?

Mr. SCHILD. That is right.

Mr. RICE. That is John Walsh's place?

Mr. SCHILD. John who?

Mr. RICE. John Walsh.

Mr. SCHILD. I don't think that John Walsh runs that.

Mr. RICE. Who runs the Kentucky Club?

Mr. SCHILD. I think the Carr brothers.

Mr. RICE. But Walsh is involved there some way or other, isn't he manager or something?

Mr. SCHILD. No; I don't think he is.

Mr. RICE. What place does he have?

Mr. SCHILD. John Walsh?

Mr. RICE. Yes.

Mr. SCHILD. He was manager down there at one time, but I don't think he is there any more.

Mr. RICE. He was there at one time?

Mr. SCHILD. Yes, sir. He was at one time, yes, sir.

Mr. RICE. Then you have Ray Sargossa and John Paine.

Mr. SCHILD. One of them is at Third and Court, and the other is on East Fifth Street.

Mr. RICE. What sort of places do they run?

Mr. SCHILD. One runs a cafe, the other runs a drug store.

Mr. RICE. Don't they run the 514 Club?

Mr. SCHILD. No, sir.

Mr. RICE. Then, Senator, we had in the neighborhood of 100 wire service drops.

Senator KEFAUVER. One hundred and eleven, I think.

Mr. RICE. One hundred and eleven in the county. He is just chief of police of the city—oh, they are all right in Covington, that is right, 111 of those, and a great many slot-machine tax receipts, Federal tax receipts.

We are wondering, Chief, about what steps you have taken toward locating the source of the wire service information in Covington. Have you run that down to see where it is coming from?

Mr. SCHILD. We are trying to run it down. There is the chief of detectives and his men who have been working on it.

Mr. RICE. That is the man under you?

Mr. SCHILD. Yes, sir.

Mr. RICE. When did he start doing that?

Mr. SCHILD. He is working on it for some time.

Mr. RICE. What do you mean by that.

Mr. SCHILD. Well, for the last 4 or 5 months.

Mr. RICE. About the time the information came out in the papers about Cleveland?

Mr. SCHILD. That is right.

Mr. RICE. How about—

Senator KEFAUVER. What has he done in those 4 or 5 months?

Mr. SCHILD. Sir?

Senator KEFAUVER. What has he done in those 4 or 5 months?

Mr. SCHILD. We have been checking on it, trying to find out where it come from. The last information I got, what do they call it, it was a service located in Cincinnati.

Mr. RICE. Yes, sir.

Mr. SCHILD. Yes.

Mr. RICE. Well, now, in May of last year the McFarland committee report was released for public consumption and it had listed all those places in Covington.

Mr. SCHILD. Yes, sir.

Mr. RICE. Did you learn about that?

Mr. SCHILD. Yes, sir.

Mr. RICE. Were there any steps taken? That was over a year ago.

Mr. SCHILD. You mean in the gambling places?

Mr. RICE. Yes.

Mr. SCHILD. Yes, sir; there have been some arrests made.

Mr. RICE. Yes; but how about the wire service? Did you start to run it down then?

Mr. SCHILD. They were trying to run it down. I don't know whether they can go any place with it or not, whether we are liable to do that.

Mr. RICE. You don't know whether you are or not?

Mr. SCHILD. No, sir.

Mr. RICE. You mentioned a minute ago that you started back about 4 or 5 months ago, in January.

Mr. SCHILD. That is right.

Mr. RICE. This was over a year ago, when this was published. You didn't do anything at that time?

Mr. SCHILD. No.

Mr. RICE. What precipitated your going into action this time, Chief?

Mr. SCHILD. They were speaking about this wire service, and we were trying to locate whether it was in Covington, Newport, or Cincinnati, and we seemed to find out that it was located some place in Cincinnati, but not definitely where that is, where they give out the information. I don't know how they operate it, I am not familiar with that.

Mr. RICE. Have you familiarized yourself with that operation now?

Mr. SCHILD. No, sir.

Mr. RICE. You are not doing that?

Mr. SCHILD. No, sir.

Mr. RICE. Do you intend to let that continue to operate in Covington?

Mr. SCHILD. No, sir; not exactly. I have the chief of detectives and his men working on the case.

Mr. RICE. They are familiarizing themselves with it?

Mr. SCHILD. Yes, sir.

Mr. RICE. What do they tell you they have done?

Mr. SCHILD. I get reports every morning, they go through the different places, we have the list where there is gambling, and they bring in the reports, "No gambling found." There are reports every morning.

Mr. RICE. They bring them in one right after the other, "No gambling found"?

Mr. SCHILD. Yes, sir.

Mr. RICE. I take it, then, that you have not arrested anyone?

Mr. SCHILD. Yes. They have brought in some.

Senator KEFAUVER. How many have they arrested?

Mr. SCHILD. Well, now, let's see, really I don't know just how many because I have not been working full time since April. I was in the hospital twice and confined to my home for a number of weeks. The last time they were up here I was in the hospital.

Mr. RICE. You have been chief for how long?

Mr. SCHILD. Twelve years.

Mr. RICE. Twelve years?

Mr. SCHILD. Yes.

Mr. RICE. Did you ever know of a gambler to go to jail in the time you have been chief?

Mr. SCHILD. No; I have not.

Mr. RICE. There has not been a single gambler go to jail during your term?

Mr. SCHILD. They might have gone to jail long enough to make bond to get out.

Mr. RICE. How do you account for that, Chief?

Mr. SCHILD. Well, I really couldn't tell you.

Mr. RICE. Because you don't make cases?

Mr. SCHILD. Well, they make the cases. We had some cases reversed on us.

Mr. RICE. After the men were sentenced to jail?

Mr. SCHILD. No; not exactly. We had cases where two of the detectives went to a place on Fifth Street, a place named Schmidt's, and

they went into the side entrance, placed their hands on the fence, and they could look in the window, see the sheets, and see the stuff on the wall, and they went around the front entrance, broke in the door and arrested them for running a handbook. They were dismissed on the grounds of illegal entry to gain evidence.

Mr. RICE. They should have gone down and gotten a search warrant on the strength of what they had seen; isn't that what the judge said?

Mr. SCHILD. Yes. We did that in another case, Your Honor.

Mr. RICE. Did you get a conviction in that case?

Mr. SCHILD. No, sir.

Mr. RICE. They threw that one out, too?

Mr. SCHILD. Yes, sir.

Mr. RICE. On different grounds?

Mr. SCHILD. No; there was gambling, it was Nineteenth and Madison, they went into a cafe up there and the officers heard slot machines, or the sound of slot machines, in the back room, and they went down and procured a search warrant, and came back with that, and it was thrown out with the understanding that they trespassed illegally to obtain evidence.

Mr. RICE. In the first place, they trespassed illegally?

Mr. SCHILD. Yes, sir.

Mr. RICE. Now, then, there was a \$75,000 robbery at the Kentucky Club last November, wasn't there?

Mr. SCHILD. That is the report; yes, sir.

Mr. RICE. What was that all about?

Mr. SCHILD. I could not say what it was about.

Mr. RICE. Who runs that Kentucky Club?

Mr. SCHILD. I don't know who really runs it, whether it is the Carr brothers or who runs it.

Mr. RICE. Was Walsh down there then?

Mr. SCHILD. I could not say.

Mr. RICE. Who got stuck up? You investigated the case, didn't you?

Mr. SCHILD. No, sir; I did not.

Mr. RICE. Didn't your department do it?

Mr. SCHILD. Yes; my department did it; yes, sir.

Mr. RICE. What is the story? It was a right good-sized robbery.

Mr. SCHILD. I don't recall the names of the fellows that were there.

Mr. RICE. What were the circumstances, as best you can remember them?

Mr. SCHILD. There were some fellows hanging around the place all evening, and when the last fellow went out, the other fellows came in and they had guns and stuck up the four or five fellows who were in there.

Mr. RICE. You mean the operators of the gambling place got stuck up?

Mr. SCHILD. It was the fellows in the room.

Mr. RICE. And these other gunmen came along and took their money away from them?

Mr. SCHILD. That is what they did.

Mr. RICE. Did anybody get caught for that?

Mr. SCHILD. No, sir. We had two or three suspects. I went down to Louisville where they had one young fellow arrested down there,

and they couldn't identify him. They have been unable to identify anyone so far.

Mr. RICE. Who was stuck up? Who was trying to identify these people?

Mr. SCHILD. I just don't recall their names right now. I don't recall their names.

Mr. RICE. How did you find out about the case?

Mr. SCHILD. There was a report made on it.

Mr. RICE. Who made it?

Mr. SCHILD. The detectives.

Mr. RICE. Oh, the detectives were not stuck up. Somebody must have notified the detectives.

Mr. SCHILD. Well, that was at night, and who called at the office, I don't know. There was a telephone call.

Mr. RICE. You went down to Louisville on it?

Mr. SCHILD. Yes, sir. That was several weeks later.

Mr. RICE. Yes. What did you do down at Louisville?

Mr. SCHILD. I took the bartender along, I don't know what his name is, but they brought this young fellow in and he couldn't identify him, he said it was not the fellow.

Mr. RICE. Was the bartender stuck up?

Mr. SCHILD. He was in the place at the time when these fellows were in before the stick-up.

Mr. RICE. Wasn't it Carr who made the report of the robbery?

Mr. SCHILD. I could not say.

Mr. RICE. Would you say it was not?

Mr. SCHILD. I would not say because I don't recall.

Mr. RICE. You wouldn't say either way?

Mr. SCHILD. I don't recall.

Mr. RICE. Have you ever been down to Louisville any other time?

Mr. SCHILD. Quite a few times; yes, sir.

Mr. RICE. What do you do down in Louisville?

Mr. SCHILD. Well, I was president of the Kentucky Peace Officers Association. I was State president of the Elks, and I made my trips down there.

Mr. RICE. In connection with the Peace Officers Association and the Elks, and this time with the bartender, is that it?

Mr. SCHILD. Yes, sir.

Mr. RICE. Did you make trips down there for any other reason?

Mr. SCHILD. No, sir.

Mr. RICE. Do you pay your own expenses when you go down?

Mr. SCHILD. No, sir.

Mr. RICE. Who pays your expenses?

Mr. SCHILD. I have what they call script issued by the Kentucky Peace Officers Association. Sometimes I drive.

Mr. RICE. What is this script all about that you are talking about?

Mr. SCHILD. They have magazines for advertising purposes, the Kentucky Peace Officers Association.

Mr. RICE. Yes.

Mr. SCHILD. And they issue script in payment for that advertising that they have in the magazine.

Mr. RICE. Who issues the script?

Mr. SCHILD. The L. & N. Railroad.

Mr. RICE. They issue the script?

Mr. SCHILD. Yes.

Mr. RICE. And that pays for the advertisement?

Mr. SCHILD. Yes; and it is good for transportation on the L. & N. Railroad. There are coupons, and they tear them off, whatever the fare would amount to.

Mr. RICE. Well, now, let me see if I get that straight. Now, the L. & N. Railroad issues script, and they use the script to pay for the advertisement in the peace officers' magazine.

Mr. SCHILD. Yes.

Mr. RICE. Oh, then I see, a peace officer comes along and gives the script back to them and travels on the railroad; is that it?

Mr. SCHILD. Yes; that is it. They get transportation for that script.

Mr. RICE. Who else advertises in the peace officers' magazine?

Mr. SCHILD. They have plenty of them.

Mr. RICE. The Kentucky Club advertised, didn't they?

Mr. SCHILD. I think they did.

Mr. RICE. And the Kenton Club advertised?

Mr. SCHILD. Yes, sir.

Mr. RICE. And the 514 Club?

Mr. SCHILD. I am almost positive.

Mr. RICE. And the Lookout House?

Mr. SCHILD. I don't know about that.

Mr. RICE. Are you sure about that?

Mr. SCHILD. I don't know about that.

Mr. RICE. How about the Beverly?

Mr. SCHILD. Beverly Hills, no. I don't think they do. That is in Campbell County.

Mr. RICE. These are the ones in your county that advertise?

Mr. SCHILD. Yes, sir.

Mr. RICE. Are there any other gambling clubs that advertise there?

Mr. SCHILD. No, sir; not as I know of.

Mr. RICE. Did you solicit the advertising for them?

Mr. SCHILD. No, sir; I did not.

Mr. RICE. Do these gambling clubs pay for it in script?

Mr. SCHILD. No, sir.

Mr. RICE. They paid in Yankee dollars, didn't they?

Mr. SCHILD. I guess they did.

Senator KEFAUVER. You are the president of the club?

Mr. SCHILD. I am not the solicitor for the ads in the magazine.

Senator KEFAUVER. But as president, why would you let gambling outfits advertise in a peace law-enforcement officers' magazine?

Mr. SCHILD. They advertise as a cafe.

Senator KEFAUVER. But you know they are not a cafe, don't you?

Mr. SCHILD. They serve drinks there and they serve dinners.

Senator KEFAUVER. But you know what else they do.

Mr. SCHILD. No, sir. I could not swear to it.

Senator KEFAUVER. You have had a lot of people tell you, though, haven't you?

Mr. SCHILD. Yes, they tell you that, yes, sir.

Senator KEFAUVER. But you think it is all right for a peace officers' enforcement magazine, a law-enforcement magazine, to take advertisements from gamblers? Do you think that is all right?

Mr. SCHILD. Well, I don't know. They don't advertise as gamblers.

Senator KEFAUVER. I know, but then they are gamblers, that is what they are getting the people for, they are not interested in getting people out there to eat, they want them to get out to gamble.

Mr. SCHILD. Well, they advertise in other magazines, too, not only the peace officers' magazine.

Senator KEFAUVER. Yes, and they advertise in the papers over in Cincinnati, don't they, but you are supposed to be the one to go after them.

(No response.)

Senator KEFAUVER. All right. Excuse me, Mr. Rice.

Mr. RICE. Well, what is the business of the Kentucky Club, so far as you know?

Mr. SCHILD. What is their business?

Mr. RICE. Yes.

Mr. SCHILD. Why, they have a bar and they serve meals.

Mr. RICE. What would they be doing with \$75,000 in there? They certainly don't serve \$75,000 worth of bar and meals, do they?

Mr. SCHILD. That is something I could not say, what they were doing with that much.

Mr. RICE. That is a mystery to you?

Mr. SCHILD. Yes, sir.

Mr. RICE. Did your suspicions as an officer, or did your curiosity ever impel you to take a look to see what they might be doing with that amount of money in there?

Mr. SCHILD. No, but I have often thought whether there was \$75,000 taken or not.

Mr. RICE. Well, did you check to find out whether maybe it was more than \$75,000?

Mr. SCHILD. No, sir, I did not.

Mr. RICE. Do you doubt there was that much?

Mr. SCHILD. Well, I don't know. Sometimes I do. They cannot identify anybody and I don't know what it would be about, whether they really lost that money or had it insured or what, you cannot tell.

Mr. RICE. You did not go down there and check up, did you, and take a look in the back room and see roulette wheels, and things like that?

Mr. SCHILD. No, sir.

Senator KEFAUVER. Where were these people when they got the \$75,000?

Mr. SCHILD. In the back room.

Senator KEFAUVER. Is that the gambling room?

Mr. SCHILD. I have never been in there.

Senator KEFAUVER. Well, what did your men tell you?

Mr. SCHILD. It was in the back room.

Senator KEFAUVER. What is in the back room?

Mr. SCHILD. I don't know what is back there.

Senator KEFAUVER. What did the report show?

Mr. SCHILD. They showed that they went into the back room, and that is where they got the money. They had an office in the back some place, alongside the back room, and they had some kind of meeting or something, and they had the money on the table when the fellows got it out.

Senator KEFAUVER. Yes.

Mr. SCHILD. It was on the table or in the safe, or something, they were counting it.

Senator KEFAUVER. What time of day was it?

Mr. SCHILD. One-thirty in the morning.

Senator KEFAUVER. They would not be serving meals at that time; would they?

Mr. SCHILD. Not at one-thirty; they are not serving meals.

Senator KEFAUVER. What do you think they were doing?

Mr. SCHILD. I don't know, counting up their receipts, they could have been doing that.

Senator KEFAUVER. It looks like they would serve supper there, and if they had, that they would have counted up their receipts earlier than that.

Mr. SCHILD. They close up at 1 o'clock.

Mr. RICE. That was the biggest robbery you ever had in your town; wasn't it?

Mr. SCHILD. I think it was.

Mr. RICE. Didn't you take a personal interest enough to find out what the hold-up was about?

Mr. SCHILD. No, sir. We had men working on the case, the chief of detectives was working on the case.

Mr. RICE. Well, it looked as though the largest robbery that ever occurred in town would merit the attention of the chief; wouldn't it?

Mr. SCHILD. I don't see where I should investigate the cases, when you have the men working for you; you men are in the same fix, you men don't go out and investigate. You have your men working under you.

Mr. RICE. You don't know us very well.

Senator KEFAUVER. We get reports, too.

Mr. SCHILD. Well, I know you do.

Mr. RICE. How about the 514 Club, Chief, who runs that?

Mr. SCHILD. Kapis.

Mr. RICE. Who?

Mr. SCHILD. K-a-p-i-s, I think it is.

Mr. RICE. What is his first name?

Mr. SCHILD. Jimmie.

Mr. RICE. Jimmie. Has he always run that?

Mr. SCHILD. No. I think he has had it about 4 or 5 years.

Mr. RICE. What were Ray and Jerry in there?

Mr. SCHILD. They were not in there, as I know of.

Mr. RICE. They were never in there?

Mr. SCHILD. No, sir; not as I know of.

Mr. RICE. You have been in there, haven't you?

Mr. SCHILD. In the 514 Club?

Mr. RICE. Yes.

Mr. SCHILD. Yes, sir.

Mr. RICE. You have never seen Ray or Jerry in there?

Mr. SCHILD. No, sir.

Mr. RICE. Are you sure about that?

Mr. SCHILD. Yes, sir.

Mr. RICE. Where have you seen them?

Mr. SCHILD. Ray has a place on Fifth Street.

Mr. RICE. What is the name of that place?

Mr. SCHILD. Ray's Cafe.

Mr. RICE. How about Jerry?

Mr. SCHILD. Jerry has a drug store, and he also has a soda fountain at Third and Court in Covington.

Mr. RICE. You have never seen them in the 514 Club?

Mr. SCHILD. No, sir; not to my knowledge have I seen them in there.

Mr. RICE. Weren't they also involved in the P and S Novelty Co.?

Mr. SCHILD. Yes.

Mr. RICE. What business is that?

Mr. SCHILD. They have these pinball machines.

Mr. RICE. And slot machines?

Mr. SCHILD. I don't think they do.

Mr. RICE. Didn't you read that newspaper clipping?

Mr. SCHILD. Which one?

Mr. RICE. The one that was in the paper about all the slot machine taxes.

Mr. SCHILD. I don't ever recall their names being in there.

Mr. RICE. What did you do about those places that were mentioned in the paper, the slot machines that were listed there?

Mr. SCHILD. As I told you before, we had the detectives go around and check on them. Some arrests were made, not very many.

Mr. RICE. They didn't find many, did they?

Mr. SCHILD. No, sir.

Mr. RICE. Did they confiscate the machines?

Mr. SCHILD. Yes, sir.

Mr. RICE. What did you do with those?

Mr. SCHILD. We sent them up to the grand jury, after that they go to the circuit court, and then it goes to the sheriff, and he has charge of them.

Mr. RICE. Did he break them up?

Mr. SCHILD. I could not say that. They are out of our hands after they leave the police court.

Mr. RICE. Do you remember some testimony today about a tip-off on a gambling raid?

Mr. SCHILD. No, I don't.

Mr. RICE. Wasn't that in connection with the Kentucky Club?

Mr. SCHILD. I don't know. I didn't hear about it.

Mr. RICE. The testimony about Officer Ireland, I believe, who had to go down and get the warrant registered, and then someone else went out the side door, and the first thing you know, all the people were swarming out of the place. You were here today when that was given, weren't you.

Mr. SCHILD. I did not hear that today. I heard about it.

Mr. RICE. When did you hear that?

Mr. SCHILD. Right after it happened up there.

Mr. RICE. What do you have to say about that?

Mr. SCHILD. I don't know. That is something that is hard to say.

Mr. RICE. Did you conduct any investigation as to how they got tipped off?

Mr. SCHILD. We tried to find out who tipped them off. It seemed like the press beat them up there that day.

Mr. RICE. Beg pardon?

Mr. SCHILD. It seemed like the press beat them up there that day.

Senator KEFAUVER. What do you mean the press beat them up?

Mr. SCHILD. With their photographers, for pictures of the place. They got there before the police did.

Senator KEFAUVER. The press got there before the police?

Mr. SCHILD. Yes, sir.

Senator KEFAUVER. Well, does that speak well for the press, or what happened?

Mr. SCHILD. I don't know whether it speaks well of them. Somebody worked fast.

Senator KEFAUVER. Somebody tipped off not only the operators but the press, too?

Mr. SCHILD. They must have done that, yes, sir.

Mr. RICE. Well, is it true, then, that when a warrant is issued, even though the gambling establishment may be only two blocks from the place of issuance of the warrant, that it is a rule of the department that the officer has to bring the warrant down and register it?

Mr. SCHILD. No, they bring it down to the police department.

Mr. RICE. Why do they do it?

Mr. SCHILD. I don't know why. That has been the rule for years and years, they come down and hand it over to the detective department, and then make the raid.

Mr. RICE. It would appear from the testimony in the record that that caused an abortive raid, and possibly might consider doing something about revising your policy or rule so that the officer could take a warrant and go right to the gaming place and locate the perpetrators of the crime, without any chance of a tip-off.

Mr. SCHILD. Well, if it is a uniformed officer, yes, you might send him up there, but the detectives, as a rule, take care of those cases, because they have had to prepare the case.

Mr. RICE. I think the testimony was that Mr. Wagner had gone down and sworn out the warrant.

Mr. SCHILD. Mr. who?

Mr. RICE. Mr. Wagner, the lawyer.

Mr. SCHILD. Oh, yes.

Mr. RICE. He had gone down and sworn out the warrant before the judge, and the warrant was issued to an officer named Ireland.

Mr. SCHILD. He is a detective.

Mr. RICE. Instead of going immediately to the Kentucky Club, Ireland went five blocks to the police department, where he conferred with another officer, who went out the side door, and about a half hour later they then went down, and the complainant, who had been inside of the gambling establishment all of the time, said that they had been tipped off in the meantime, and everyone ran out of the place, and they took the slot machines and put them in the storeroom and destroyed all the evidence and waited for the officers to come in.

Mr. SCHILD. Did you say a half hour?

Mr. RICE. Yes.

Mr. SCHILD. No; I don't think so.

Mr. RICE. Well, I will not quibble with you about it. I am just telling you that it appeared that that was an unusual practice there, and in that particular case, anyhow, it worked so that justice did not prevail.

Mr. SCHILD. Well, I don't think it took that officer that long to get there, or the officers, a half hour.

Mr. RICE. In any event, there was a tip-off?

Mr. SCHILD. Someone must have tipped them off, and the judge's office is quite a distance from the police office.

Mr. RICE. All right, sir.

Senator KEFAUVER. Now, how about all these places, have you got them closed up now?

Mr. SCHILD. I am almost positive they are all closed up.

Senator KEFAUVER. You are almost positive?

Mr. SCHILD. Yes; Saturday they got two handbooks, and I think they picked up one more.

Senator KEFAUVER. How about Rothkopf, Kleinman, Dalitz, and McGinty, do you see them around there?

Mr. SCHILD. No, sir.

Senator KEFAUVER. Do you know them?

Mr. SCHILD. The only time I have heard of them, Mr. Kefauver, is when I was at Cleveland in the hearing there, and I heard their names mentioned, and I seen it in the papers, and that is all I know about it. I don't think I ever saw one of them fellows. I wouldn't know them.

Senator KEFAUVER. You are a pretty good friend of John Rigney?

Mr. SCHILD. Well, I know John Rigney.

Senator KEFAUVER. Is he a friend of yours?

Mr. SCHILD. Well, I guess you could call him a friend.

Senator KEFAUVER. What business is he in? Is he a slot-machine operator?

Mr. SCHILD. He is out on a farm.

Senator KEFAUVER. Has he got a slot-machine syndicate?

Mr. SCHILD. I don't know whether he has or not; no sir.

Senator KEFAUVER. How about Jimmy Brink?

Mr. SCHILD. The same way. I know Jimmy Brink.

Senator KEFAUVER. And John Walsh?

Mr. SCHILD. John Walsh, I know him.

Senator KEFAUVER. They operate the Kentucky Club, don't they?

Mr. SCHILD. Well, now, I don't know. I could not prove that, whether they operate it or not.

Senator KEFAUVER. Did you ever try to find out whether they do or not?

Mr. SCHILD. No, sir.

Senator KEFAUVER. Even after the testimony in Cleveland, didn't you try to find that out?

Mr. SCHILD. No, sir.

Senator KEFAUVER. That was brought up there, that they did operate the Kentucky Club wasn't it, Jimmy Brink?

Mr. SCHILD. I could not say whether it was brought up. I was not in the hearing there. I was there at that case. I was summoned, but I never did get on the stand to testify or anything else.

Senator KEFAUVER. How about this, did you get a letter setting up the names and addresses of all of these wire-service places?

Mr. SCHILD. Yes, sir.

Senator KEFAUVER. From Mr. George Robinson?

Mr. SCHILD. Oh, you mean where they were?

Senator KEFAUVER. Yes.

Mr. SCHILD. No, sir. I did not get that, no sir.

Senator KEFAUVER. What was it you got?

Mr. SCHILD. I got information about these wire services, as I told you before.

Senator KEFAUVER. Didn't our committee write you a letter?

Mr. SCHILD. No, sir. If they did I did not get that.

Senator KEFAUVER. How many of those are still operating?

Mr. SCHILD. Well, I could not say that. I don't think there are any of them operating. I am not positive.

Senator KEFAUVER. Is there anything else, Mr. Rice?

Mr. RICE. I don't think so, sir.

Senator KEFAUVER. All right, Chief. That is all. Thank you.

Mr. SCHILD. Thank you.

Senator KEFAUVER. Mr. Hageman will be our next witness. Will you come forward, Mr. Hageman, and raise your right hand, please?

Do you swear the testimony you give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAGEMAN. I do.

TESTIMONY OF THEO HAGEMAN, FIELD AGENT, KENTUCKY STATE ALCOHOL BOARD

Senator KEFAUVER. Mr. Rice, will you take over the questioning of this witness, please?

Mr. RICE. Yes, sir. What is your name, sir?

Mr. HAGEMAN. Theo Hageman.

Mr. RICE. Do they call you by another name?

Mr. HAGEMAN. I have a nickname of "Tate."

Mr. RICE. What is your job, Mr. Hageman?

Mr. HAGEMAN. Field agent for the Kentucky State Alcohol Board.

Mr. RICE. How long have you been there?

Mr. HAGEMAN. I have been there for, well, 3 or 4 years.

Mr. RICE. Don't you know the exact time?

Mr. HAGEMAN. Well, it will be 4 years at the end of this year; 3 years and 7 or 8 months, whatever it is.

Mr. RICE. And you live where?

Mr. HAGEMAN. I live in Kenton County.

Mr. RICE. In Covington?

Mr. HAGEMAN. Out in the county.

Mr. RICE. What is your address?

Mr. HAGEMAN. Buttermilk Pike.

Mr. RICE. Were you formerly the city manager of the city of Covington?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. When was that?

Mr. HAGEMAN. That was in from 1944 to 1947.

Mr. RICE. Do you live in Crescent Springs?

Mr. HAGEMAN. Yes; Buttermilk Pike is Crescent Springs.

Mr. RICE. And your post-office address is what?

Mr. HAGEMAN. Erlanger, Route 4.

Mr. RICE. In what town?

Mr. HAGEMAN. Erlanger, Route 4, Buttermilk Pike.

Mr. RICE. What is Crescent Springs?

Mr. HAGEMAN. It is a little community there, unincorporated, that is close by there.

Mr. RICE. Now, in connection with your job as an ABC man, what are your duties?

Mr. HAGEMAN. To enforce and administer the alcohol beverage control law.

Mr. RICE. To enforce and administer the alcohol beverage control law?

Mr. HAGEMAN. Yes.

Mr. RICE. And that is in what area?

Mr. HAGEMAN. I have six counties that I take care of in northern Kentucky.

Mr. RICE. Do you have Campbell and Kenton Counties?

Mr. HAGEMAN. I have Kenton County.

Mr. RICE. You have Kenton County?

Mr. HAGEMAN. I have Kenton, Pendleton, Grant, Boone, Gallatin, and Carroll.

Mr. RICE. You have been acting as such for the last 3 or 4 years?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Is a violation of the ABC law one which would result in revocation of license—is it a violation of the ABC law to operate a gaming establishment in connection with a liquor license?

Mr. HAGEMAN. No, sir.

Mr. RICE. It is not?

Mr. HAGEMAN. No, sir.

Mr. RICE. Suppose a gambling establishment were operated in connection with the license, what would happen?

Mr. HAGEMAN. There would nothing happen. There is nothing in the law that prohibits gaming on the premises of licensees, either beer or whisky.

Mr. RICE. It is perfectly all right for the licensee to violate another law of the State, so far as the ABC is concerned?

Mr. HAGEMAN. So far as my position is concerned?

Mr. RICE. So far as your position is concerned?

Mr. HAGEMAN. Yes, sir; as the administration of the alcoholic beverage control law in those counties.

Mr. RICE. Well, what would be your position with respect to a licensee who was operating a gaming establishment, would you recommend a continuance of his license?

Mr. HAGEMAN. I might answer that better this way, if you will permit me to, sir.

Mr. RICE. Go ahead.

Mr. HAGEMAN. My chief job is to investigate applicants for beer and whisky licenses, and on those applications, each of them, the beer and whisky, whether it be for a solicitor, a distiller, a brewery, or a distributor or distillery, on those retail beer and liquor accounts they have a question No. 26, I believe it is, asking the question if you have any gambling or gambling devices on the premises. That question is asked.

Mr. RICE. Yes. Why is that? Why do they ask that?

Mr. HAGEMAN. I don't know why they ask it. They ask it. And I can tell you that they almost answer that 100 percent in the affirmative, that they do have.

Mr. RICE. That they do have?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. And despite that, they issue the license?

Mr. HAGEMAN. That is right.

Mr. RICE. Is that license renewable?

Mr. HAGEMAN. Each year, July 1.

Mr. RICE. And they ask the question again?

Mr. HAGEMAN. Each year, yes, sir, the same thing.

Mr. RICE. Have you ever examined Duke Connor's application?

Mr. HAGEMAN. No, sir. His has always been a renewal. We have nothing to do with renewals, when they first apply we make a field report and investigate that applicant, but when they are renewals they just send them in themselves and they are accepted by the Board.

Mr. RICE. The field examiner does not look at those?

Mr. HAGEMAN. Not on renewals.

Mr. RICE. You just take the new ones?

Mr. HAGEMAN. All the new ones.

Mr. RICE. And you are quite certain that the State alcoholic beverage control board is not the least bit concerned with gambling on premises where there are liquor licenses issued?

Mr. HAGEMAN. That is not our duty. We are not instructed to interfere with them, and have not been doing so.

Mr. RICE. You just don't interfere?

Mr. HAGEMAN. That is right.

Senator KEFAUVER. Let me ask you this, and see if I have got something straight. You said this question No. 28—is that the question?

Mr. HAGEMAN. No. 26, I believe.

Mr. RICE. No. 26?

Mr. HAGEMAN. Yes, sir.

Senator KEFAUVER. That question is there, and almost 100 percent of the applicants answer that in the affirmative?

Mr. HAGEMAN. Yes, sir.

Senator KEFAUVER. You really don't mean that, do you?

Mr. HAGEMAN. Yes, sir, I do mean it.

Senator KEFAUVER. You don't mean that everybody that has a liquor license is substantially in the gambling business?

Mr. HAGEMAN. Well, they may be in some form or other. I don't know. But this I do know, if they have that, they will answer that question, if they have gambling, on there. I will put it that way, if they have gambling of any kind, they will answer that question in the affirmative.

Senator KEFAUVER. You think it is way up in the high percentages, 90 or 95 percent, that they do have some kind of gaming?

Mr. HAGEMAN. Well, you may not be too far off.

Senator KEFAUVER. I am trying to get it down a little bit. You said 100 percent.

Mr. HAGEMAN. Well, let's say 80 percent.

Senator KEFAUVER. So gambling and ABC licensing go along together pretty well?

Mr. HAGEMAN. That is right.

Senator KEFAUVER. All right, Mr. Rice.

Mr. RICE. What would the license be suspended for? Name some of the violations?

Mr. HAGEMAN. Oh, many things. Selling after hours; selling on Sunday.

Mr. RICE. What are the after hours? What are the hours?

Mr. HAGEMAN. It depends on the community. For instance, the city of Covington has a 1 o'clock closing law, 1 a. m. closing law.

Mr. RICE. How about Kenton County?

Mr. HAGEMAN. Kenton County has a 2 o'clock closing law. That is outside the city.

Mr. RICE. And Campbell County you do not cover?

Mr. HAGEMAN. I have another man covers Campbell.

Mr. RICE. Well, now, it would not be suspended for having slot machines, would it?

Mr. HAGEMAN. They have done it, if there is another charge in there, and if they have found gambling on the premises, whether it be slot machines, or anything else, why, they include that in the charge of disorder, but they never do that for gambling on the premises alone.

Mr. RICE. They would charge them with disorder?

Mr. HAGEMAN. What a disorder—they use that expression.

Mr. RICE. Do they consider slot machines a disorder?

Mr. HAGEMAN. Well, not too often they have not—but they have.

Mr. RICE. Now, you understand we are in a position of being a little bit uninformed here. On the one hand you say they don't care about gambling?

Mr. HAGEMAN. In other words, we are not instructed as field agents to be out here hunting for gamblers, any more than we are instructed to hunt for someone speeding in an automobile on the highways.

Mr. RICE. Of course not, but when you run into it, such as at Duke Connor's—admits he has been booking and has slot machines running along with his liquor license—what do you do then?

Mr. HAGEMAN. You don't do anything. I haven't seen it there, to begin with.

Mr. RICE. How do you reconcile it with the record of suspensions here by the ABC Board in northern Kentucky? The Twin Oaks County Club in Covington, 5 days' suspension, charged with slots.

Mr. HAGEMAN. They were convicted in the local court, and it came about over a fight they had there, a fight out at that particular place, and the police went in there, and I understood they took their slot machines.

Mr. RICE. Who suspended them?

Mr. HAGEMAN. The State alcohol beverage control board.

Mr. RICE. What did they suspend them for?

Mr. HAGEMAN. I did not see the record.

Mr. RICE. According to the record it said, "Slots." It does not say anything about disorderly. You then have the Kentucky Club, 627 Scott Street, 5 days' suspension, slots, February 28, 1951.

Mr. HAGEMAN. I have nothing to do with that. That is done from Frankfort.

When that conviction came about, there was a guilty plea in the local court by them, and the State Department probably cited them down there.

Mr. RICE. So the ABC Board is very definitely interested, then, if there is a gambling operation running in connection with the licenses?

Mr. HAGEMAN. The only time I found them interested in it was when there was a local conviction.

Mr. RICE. Well now, I see here the Fill-In Cafe, Bellevue, Ky., slots, 5 days' suspension.

Then there is August J. Schultz, slots, 5 days' suspension.

Then the Silver Dollar, Dayton, same thing, 5 days for slots.

Mr. HAGEMAN. Yes, sir, those are over in the other county, but that is probably true.

Mr. RICE. In any event, you, as the ABC man, do not bring it to the attention of the Board if you run into gambling violations, do you?

Mr. HAGEMAN. No, sir, I have not.

Mr. RICE. How about as a citizen of the State, do you bring it to the attention of any law-enforcement agents, these violations of the gambling laws that come to your attention?

Mr. HAGEMAN. No, sir; I do not.

Mr. RICE. Do you know of any?

Mr. HAGEMAN. No, sir.

Mr. RICE. You have never been in a place where they have had gambling?

Mr. HAGEMAN. Oh, maybe around where there is a bookie.

Mr. RICE. For instance?

Mr. HAGEMAN. Oh, I don't know, just in passing, I may have heard the service, or something, in there. I was not back in there.

Mr. RICE. You would hear the wire service and would know there was a bookie there?

Mr. HAGEMAN. That is right. One place I might have frequented is a place on the highway.

Mr. RICE. Have you ever been in Duke Connor's place?

Mr. HAGEMAN. No, sir.

Mr. RICE. You have never been in his place?

Mr. HAGEMAN. I have been in there.

Mr. RICE. Have you ever been in the Lookout House?

Mr. HAGEMAN. Never in there, other than in the dining room.

Mr. RICE. You have never been in the gambling rooms?

Mr. HAGEMAN. No, sir.

Mr. RICE. How about Beverly Hills?

Mr. HAGEMAN. No, sir.

Mr. RICE. You were never in there?

Mr. HAGEMAN. No, sir.

Mr. RICE. You were never in there at all?

Mr. HAGEMAN. I might have been in there 5, 6, or 7 years ago, more other than in the dining room.

Mr. RICE. You have not been in there for anything in the last 5 or 6 years?

Mr. HAGEMAN. No, sir.

Mr. RICE. How about the Kentucky Club?

Mr. HAGEMAN. Never been in there.

Mr. RICE. You have never been in there?

Mr. HAGEMAN. I was in the bar one time.

Mr. RICE. In where?

Mr. HAGEMAN. In the bar, in the front room at the bar.

Mr. RICE. Well, now, in connection with your duties as an investigator, aren't you required to go around and look at these bars from time to time?

Mr. HAGEMAN. You are bringing in Kenton County. I do that upon complaints of the local authorities in those rural counties.

Mr. RICE. How about Carroll's Bar?

Mr. HAGEMAN. Maybe once since he has been in there, and he has been there 7 or 8 years.

Mr. RICE. Is there any gambling in there?

Mr. HAGEMAN. Not that I saw.

Mr. RICE. How about the Town House?

Mr. HAGEMAN. No, sir.

Mr. RICE. Never been in there?

Mr. HAGEMAN. I may have been there once.

Mr. RICE. You have been in there once?

Mr. HAGEMAN. I have been in there once, a year or two ago.

Mr. RICE. You never saw any gambling there?

Mr. HAGEMAN. No, sir.

Mr. RICE. How about the 514 Club?

Mr. HAGEMAN. No, sir; I have never been in there.

Mr. RICE. Are you active in political campaigns?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Do you collect campaign funds?

Mr. HAGEMAN. I did in one campaign. I was named finance chairman, and I handled the funds.

Mr. RICE. What campaign was that?

Mr. HAGEMAN. That was last year's senatorial race.

Mr. RICE. For State senator or United States Senator?

Mr. HAGEMAN. United States Senator.

Mr. RICE. In connection with that you collected campaign funds from liquor license holders, did you?

Mr. HAGEMAN. If they desired to make a contribution.

Mr. RICE. How much would you say you realized in contributions from liquor license holders that you have handled yourself?

Mr. HAGEMAN. Oh, I don't know.

Mr. RICE. Approximately?

Mr. HAGEMAN. I couldn't tell you. Maybe in that race probably as much as seven or eight thousand dollars; \$7,500, along in there.

Mr. RICE. How many licensees would be involved in that?

Mr. HAGEMAN. Oh, about, maybe, I don't know how many. If it came from licensees, probably say twenty, maybe twenty-five, I don't know.

Mr. RICE. Can you remember any of them?

Mr. HAGEMAN. Well, I remember some of them; some of them I can't.

Mr. RICE. Was Duke Connor one of them?

Mr. HAGEMAN. No, sir.

Mr. RICE. Well, name one.

Mr. HAGEMAN. Well, a fellow by the name of Sam Burns.

Mr. RICE. What is his place?

Mr. HAGEMAN. He has a place down in the city of Covington; he has a colored night club down there.

Mr. RICE. What is that, the Araby?

Mr. HAGEMAN. Yes.

Mr. RICE. How much did he contribute?

Mr. HAGEMAN. I think he gave \$100.

Mr. RICE. That would not help much toward the six or seven thousand.

Mr. HAGEMAN. No; that was not it.

Mr. RICE. Who was the biggest contributor?

(No response.)

Mr. RICE. Boggie Burns, did you get him?

Mr. HAGEMAN. No, sir.

Mr. RICE. Who was the biggest contributor of the bunch?

Mr. HAGEMAN. I don't think anybody gave over \$400.

Mr. RICE. Your addition is bad, then.

Mr. HAGEMAN. Well, we got it from many other sources; different friends came in there.

Mr. RICE. I asked you as to liquor licensees, and you said six or seven thousand dollars from 20.

Mr. HAGEMAN. No; I did not say that. You asked me how many were liquor licensees, and I understood you to say that, and I said twenty or twenty-five may have been liquor licensees.

Mr. RICE. Who was the biggest contributor of the liquor licensees?

Mr. HAGEMAN. I think a fellow named Jack Schwartz.

Mr. RICE. What is his place?

Mr. HAGEMAN. He has a place at the end of the C. & O. bridge.

Mr. RICE. What is the name of it?

Mr. HAGEMAN. The Bridge Cafe.

Mr. RICE. Did you collect anything from Jimmy Brink?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you know Jimmy Brink?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. What business is he in?

Mr. HAGEMAN. He is reported to own the Lookout House, so far as I know.

Mr. RICE. That is a gambling establishment. or was, was it not?

Mr. HAGEMAN. That has been the common knowledge of it.

Mr. RICE. Did you ever collect anything from him?

Mr. HAGEMAN. Not from him.

Mr. RICE. Did you ever receive any money from him, for any reason?

Mr. HAGEMAN. He has made contributions—you are talking about this past campaign here?

Mr. RICE. Anything.

Mr. HAGEMAN. He has helped in other campaigns, where he has made contributions when I was not the finance chairman; yes, I know he has made some.

Mr. RICE. Did he ever give you money for anything except campaign contributions?

Mr. HAGEMAN. No, sir.

Mr. RICE. Are you sure about that?

Mr. HAGEMAN. Positive.

Mr. RICE. He never paid you any protection money?

Mr. HAGEMAN. No, sir; why should he?

Mr. RICE. You might know. How about Cliff Brown, do you know him?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Who is he?

Mr. HAGEMAN. Well, he is a fellow they call Brownie, I guess that is the one you mean.

Mr. RICE. What business is he in?

Mr. HAGEMAN. I think he has a connection in the slot-machine business.

Mr. RICE. Yes, that is right, C. W. Brown. Did you ever collect any money from him?

Mr. HAGEMAN. No, sir.

Mr. RICE. Are you sure about that?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. What was this Gun Club outing here that you had your picture taken at? [Indicating.]

Mr. HAGEMAN. That has been several years ago. I was out there at that outing.

Mr. RICE. What was the reason for that? Was that a political outing?

Mr. HAGEMAN. They have it every year. They had it this past Saturday night this year. They have it every year. That is one I happened to attend.

Mr. RICE. Are you sure you never collected any money from him?

Mr. HAGEMAN. No, sir.

Mr. RICE. You are not sure?

Mr. HAGEMAN. I did not collect any from him.

Mr. RICE. How much is your house worth, Mr. Hageman?

Mr. HAGEMAN. It cost me \$23,960.

Mr. RICE. In what year?

Mr. HAGEMAN. 1948.

Mr. RICE. What would you take for it?

Mr. HAGEMAN. Well, I had not thought about it.

Mr. RICE. Well, think about it.

Mr. HAGEMAN. Well—

Senator KEFAUVER. Well, the thing is how much do you have in it? I don't think that the increase in value is particularly relevant.

Mr. RICE. Would you sell it for \$25,000?

Mr. HAGEMAN. No, sir.

Mr. RICE. Would you sell it for \$30,000?

Mr. HAGEMAN. I would consider it; yes, sir.

Mr. RICE. Would you take an offer of \$30,000?

Mr. HAGEMAN. Yes.

Mr. RICE. Is there anything against it?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you own any other property?

Mr. HAGEMAN. No, sir.

Mr. RICE. Where do you bank?

Mr. HAGEMAN. In the Citizens National Bank at Covington.

Mr. RICE. Is that a checking account?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. In the Citizens Bank?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Do you have any other bank accounts?

Mr. HAGEMAN. I have; in the First Federal I have a small account.

Mr. RICE. Where is that located?

Mr. HAGEMAN. In Covington.

Mr. RICE. Do you have any other bank accounts?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you have any bank accounts outside of the State?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you have a safety-deposit box?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Where is that located?

Mr. HAGEMAN. That is in the First National Bank of Covington.

Mr. RICE. That is a different bank now?

Mr. HAGEMAN. That is right. Now, my office is in there, and I had my safety box at the Latonia Bank, and when I moved out to the country I moved it down to this bank.

Mr. RICE. You don't have an account there?

Mr. HAGEMAN. I have an automobile account there, where I pay my automobile expenses out of. I get an expense account with the State, and I put my automobile expense check in there. It is my automobile account.

Mr. RICE. Now, do you have a safe in your home?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you keep any money around the house?

Mr. HAGEMAN. Oh, I may have six or seven hundred dollars there, between that and in my pockets.

Mr. RICE. You don't have a strong box in your home?

Mr. HAGEMAN. No, sir.

Mr. RICE. Do you own more than one car?

Mr. HAGEMAN. Which?

Mr. RICE. Do you own more than one car?

Mr. HAGEMAN. I have a 1948 and a 1951.

Mr. RICE. A 1948 what?

Mr. HAGEMAN. Pontiac.

Mr. RICE. And a 1951 what?

Mr. HAGEMAN. Pontiac.

Mr. RICE. You have both a 1948 and a 1951 Pontiac?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Do you have any stocks?

Mr. HAGEMAN. No, sir.

Mr. RICE. Bonds?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Government bonds?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Do you have any bonds besides Government bonds?

Mr. HAGEMAN. I have \$2,000 worth of other than Government bonds.

Mr. RICE. What bonds are those?

Mr. HAGEMAN. Those are some American Legion bonds in Latonia.

Mr. RICE. Do you have any other property?

Mr. HAGEMAN. No, sir.

Mr. RICE. What is your salary?

Mr. HAGEMAN. \$3,840.

Senator KEFAUVER. \$3,800 a year?

Mr. HAGEMAN. Yes, sir.

Senator KEFAUVER. Do you have an expense account?

Mr. HAGEMAN. Yes, sir; it runs about \$115 to \$135 a month.

Senator KEFAUVER. Just actual expenses?

Mr. HAGEMAN. Yes; they give you 7 cents a mile and whatever expenses you incur when you travel.

Senator KEFAUVER. What do you figure you are worth?

Mr. HAGEMAN. Well, I would say \$40,000.

Senator KEFAUVER. Did you make it all out of this job?

Mr. HAGEMAN. No, sir. I had two houses that I sold when I bought this house.

Mr. RICE. Did you inherit those?

Mr. HAGEMAN. No, sir. I was in business from 1920 to 1935, in the general merchandise business out in Crescent Springs for 15 years.

Mr. RICE. What is the highest income you ever reported in 1 year?

Mr. HAGEMAN. Oh, probably—oh, I don't know.

Mr. RICE. What was your good year; what was the best year in your life?

Mr. HAGEMAN. I would say about \$13,000, \$14,000, something like that.

Mr. RICE. Did you pay a tax on that much?

Mr. HAGEMAN. I sure did.

Mr. RICE. What year was that, do you know?

Mr. HAGEMAN. 1948, I believe.

Mr. RICE. 1948?

Mr. HAGEMAN. I believe.

Mr. RICE. Well now, in 1948 you were the ABC agent, were you not?

Mr. HAGEMAN. That is right.

Mr. RICE. In 1948?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. And your salary was how much?

Mr. HAGEMAN. \$3,840.

Mr. RICE. What was your other income from?

Mr. HAGEMAN. Well, I sold one of the houses, and I had a capital gain on that. That was part of it.

Mr. RICE. That was not income from earnings; that was capital gain.

Mr. HAGEMAN. I mean, in the report I had to answer for 50 percent of the capital gain.

Mr. RICE. What was the biggest year you had of income from earnings, other than capital gain?

Mr. HAGEMAN. Four years as city manager at \$5,000 each year.

Mr. RICE. That was your top salary, wasn't it?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. You never made more than that in a year?

Mr. HAGEMAN. That is right.

Mr. RICE. Do you know Rothkopf?

Mr. HAGEMAN. Never heard of him until I read about him in the paper.

Mr. RICE. Do you know Croft and Jimmy Brink?

Mr. HAGEMAN. I don't know Croft. I know Jimmy Brink.

Mr. RICE. Did you make any reports about gambling operations, where you have seen gambling and slot machines when you sent your reports in?

Mr. HAGEMAN. No, sir. I might state this, if you will permit me to, Senator, in the alcohol beverage control department we have 26 men covering 120 counties, and you see how possible, or how impossible it would be for you to be out here enforcing all the laws of the

State of Kentucky with 26 men in this same area that we cover, where there are probably 200 law-enforcing officers in the area that I cover.

Senator KEFAUVER. How long were you city manager?

Mr. HAGEMAN. Four years.

Senator KEFAUVER. That was of Newport or Covington?

Mr. HAGEMAN. Covington.

Senator KEFAUVER. What was your last year?

Mr. HAGEMAN. 1947.

Senator KEFAUVER. Who succeeded you?

Mr. HAGEMAN. A Mr. Lyon.

Senator KEFAUVER. Is he there now?

Mr. HAGEMAN. No; they have a Mr. Abbott there.

Senator KEFAUVER. Do you have anything else?

Mr. RICE. Yes, sir.

(Mr. Rice conferring with Senator Kefauver.)

Senator KEFAUVER. Mr. Rice just called my attention to the fact—I did not remember it—that this morning Commissioner Moloney stated that you approached him, I believe, as he was leaving this first city commission meeting, and asked him if he did not want to get into this profit-sharing plan, meaning, as he understood it, that he would get part of the profits from the gambling operations if they were not molested.

Did you hear his testimony?

Mr. HAGEMAN. Yes, sir.

Senator KEFAUVER. Do you want to say anything about that?

Mr. HAGEMAN. Yes, sir; I certainly do. I think that was one of the dirtiest, blackest political lies ever told to anyone. I have not spoken six words to John Moloney in my life.

Senator KEFAUVER. In other words, you deny it?

Mr. HAGEMAN. Yes.

Senator KEFAUVER. What was the conversation about?

Mr. HAGEMAN. I had no conversation with him.

Senator KEFAUVER. It seems strange that just out of the blue he should tell us that.

Mr. HAGEMAN. I can tell you where it all comes about. It has been back since the days that Senator Clements ran for Governor, with the Kentucky Times-Star opposing anything I was for. They have been against Clements for Governor, and against him for Senator, and in this campaign now again they are against us. John Moloney was against me in 1949 when I ran for sheriff and I would be a fine man to go to one of my enemies to make a proposition with him, if I was in such a business as that.

Senator KEFAUVER. So you deny that you said anything to him at all?

Mr. HAGEMAN. Absolutely; I never talked to the man in my life, the way he testified I talked with him by himself, I never talked to the man one time in my life.

Senator KEFAUVER. Has there been any other testimony here concerning that, or concerning you, that you want to have anything to say about?

Mr. HAGEMAN. No; I don't think so.

Mr. RICE. Would you say that you did not talk to him at all following a commissioners' meeting?

Mr. HAGEMAN. Yes, sir; I certainly did not. I saw him in the pressroom a time or two, that we had in there. They were having some drinks in the pressroom, and I may have seen him in there.

Mr. RICE. What were you doing up there?

Mr. HAGEMAN. I am down there quite often in the courthouse.

Mr. RICE. What doing?

Mr. HAGEMAN. Just visiting the press boys, and so forth. I have a right to walk in the courthouse, if I please.

Mr. RICE. Sure. I was just curious.

Mr. HAGEMAN. They may have a little party, and the time or two I saw him there, I want to say this, that I don't think he was fit to be talked to.

Senator KEFAUVER. What do you mean by that?

Mr. HAGEMAN. When they were taking in the drinks they had set up there.

Senator KEFAUVER. They don't do that right after the commission meetings, do they?

[Mr. Hageman laughing.]

Senator KEFAUVER. He said he left the commission room and went in some outer room.

Mr. HAGEMAN. The pressroom, and they are in the pressroom there, and you can go in any day in the week and somebody is always presenting a bottle or two of whisky. I am not complaining about that.

Mr. RICE. Was this nighttime or daytime?

Mr. HAGEMAN. Daytime is when the pressroom is open. It is not open at night.

Mr. RICE. This meeting you spoke about, was that in the daytime?

Mr. HAGEMAN. What meeting?

Mr. RICE. The one you are talking about.

Mr. HAGEMAN. I never talked to him; I never talked to him no time.

Mr. RICE. You said you saw him in the pressroom.

Mr. HAGEMAN. I saw him down there, but I did not talk to him. I saw him down there several times.

Mr. RICE. That was in the daytime?

Mr. HAGEMAN. Daytime, yes, sir.

Mr. RICE. Did you say you ran for sheriff at one time?

Mr. HAGEMAN. Yes, sir, 1949. I ran twice.

Mr. RICE. Were you successful?

Mr. HAGEMAN. No, sir.

Mr. RICE. When was the other time?

Mr. HAGEMAN. Four years before that, 1949, so it would be about 1945.

Mr. RICE. How much did you spend in your last campaign for sheriff?

Mr. HAGEMAN. Which one?

Mr. RICE. 1949?

Mr. HAGEMAN. In 1949?

Mr. RICE. Yes.

Mr. HAGEMAN. Oh, I don't know; I guess five or six thousand dollars.

Mr. RICE. Did you make a report of that?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. And that is all you spent?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Are you sure about that?

Mr. HAGEMAN. Yes, sir.

Mr. RICE. Does that include—

Mr. HAGEMAN. Maybe others might have spent something for me, but I mean what I spent myself.

Mr. RICE. What do you figure was the total that was spent, not only by yourself, but others for you?

Mr. HAGEMAN. I wouldn't have no idea.

Mr. RICE. What would your best guess be?

Mr. HAGEMAN. I wouldn't have any idea.

Mr. RICE. Well, if people spend money for you—

Mr. HAGEMAN. Well, if they go around the taverns and buy drinks for you, they may have set up some precinct workers. I just don't know.

Mr. RICE. How much did the other campaign cost?

Mr. HAGEMAN. Which campaign?

Mr. RICE. The one 4 years before that?

Mr. HAGEMAN. Oh, I guess in the same neighborhood. I don't know, that is 10 years ago; I don't recall.

Senator KEFAUVER. Who beat you for sheriff this last time?

Mr. HAGEMAN. Mr. Berndt, the sheriff that was here.

Senator KEFAUVER. Have we had his testimony?

Mr. RICE. Yes.

Senator KEFAUVER. Do you have anything else?

Mr. RICE. No.

Senator KEFAUVER. That is all, sir. Thank you. Well, have we heard all the witnesses?

Mr. RICE. We have two more.

Senator KEFAUVER. Well, do you gentlemen want to testify tonight, or would you rather wait until tomorrow?

Mr. DIEBOLD. I would like to get back tonight, Senator.

Mr. EHA. I am sure that my testimony won't take too long, Senator.

Senator KEFAUVER. All right, sir, you come around, Mr. Diebold.

Will you raise your right hand, please?

Do you swear the testimony you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DIEBOLD. I do.

TESTIMONY OF RAY DIEBOLD, SHERIFF, CAMPBELL COUNTY, KY.

Senator KEFAUVER. All right. Mr. Rice, you may proceed.

Mr. RICE. How do you spell your name?

Mr. DIEBOLD. D-i-e-b-o-l-d, Ray Diebold.

Mr. RICE. Where do you live, sir?

Mr. DIEBOLD. I live at 324 Thornton Street, Newport, Ky., Campbell County.

Mr. RICE. What is your job?

Mr. DIEBOLD. Sheriff of Campbell County.

Mr. RICE. How long have you been sheriff?

Mr. DIEBOLD. One year, six months, and twenty-three days.

Senator KEFAUVER. Are you the sheriff who beat the witness that was testifying just before you?

Mr. DIEBOLD. No, sir, he is from Kenton County.

Mr. RICE. Who did you run against?

Mr. DIEBOLD. A man by the name of Paul Bard.

Mr. RICE. In your campaign, what did you have to say about gambling?

Mr. DIEBOLD. What did I have to say about gambling?

Mr. RICE. Yes, sir.

Mr. DIEBOLD. I said nothing about gambling.

Mr. RICE. That question did not come up in the campaign?

Mr. DIEBOLD. No, sir, it did not.

Senator KEFAUVER. Weren't you running on a liberal platform, Sheriff?

Mr. DIEBOLD. I would not say that, Senator, I just run on my own.

Senator KEFAUVER. You did not have any particular political philosophy?

Mr. DIEBOLD. No, sir; I am not very good at making speeches, and therefore I did not make any.

Mr. RICE. What did you do before you became sheriff?

Mr. DIEBOLD. I was a good will man for the Hudepohl Brewery Co. in Cincinnati for 15 years.

Mr. RICE. What kind of man?

Mr. DIEBOLD. A good-will man for that company.

Mr. RICE. For who?

Mr. DIEBOLD. For the Hudepohl Brewery Co.

Mr. RICE. What does a good-will man do?

Mr. DIEBOLD. He visits cafes, and so forth, stimulates business, and at that time, and, of course, this is all done away with now, if they needed any faucets or spigots, and so forth—

Mr. RICE. You would take care of that?

Mr. DIEBOLD. Yes, sir. I would leave an order the next morning when I would go back to the brewery.

Mr. RICE. You did not have any law-enforcement experience before you ran for sheriff?

Mr. DIEBOLD. No, sir; I did not.

Mr. RICE. Are you familiar with the laws of the State? You are; are you not?

Mr. DIEBOLD. I am, since I have been up at the last meeting.

Mr. RICE. When was that?

Mr. DIEBOLD. Just a month ago.

Mr. RICE. About a month ago?

Mr. DIEBOLD. Yes.

Mr. RICE. You went into office in January 1950?

Mr. DIEBOLD. That is true.

Mr. RICE. When you went in, didn't you study the laws?

Mr. DIEBOLD. I did.

Mr. RICE. Were there any of them you missed?

Mr. DIEBOLD. Yes; I think I did miss one.

Mr. RICE. Which one did you miss?

Mr. DIEBOLD. In regard to contacting these places personally.

Mr. RICE. That is section 701.60?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. It reads something like this, that the sheriff or his deputy—

Mr. DIEBOLD. I beg your pardon. The sheriff, they told me at the previous investigation.

Mr. RICE. What did they tell you?

Mr. DIEBOLD. Senator O'Connor told me the sheriff.

Mr. RICE. Didn't you check the law?

Mr. DIEBOLD. I checked the law and found different.

Mr. RICE. You found something that Senator O'Connor told you was wrong?

Mr. DIEBOLD. Senator O'Connor told me I should personally contact these places in the county.

Mr. RICE. Maybe we can straighten that out. I don't think you wanted to cast any aspersions on Senator O'Connor, but here is probably what he said——

Mr. DIEBOLD. No; I certainly don't want to do that.

Mr. RICE (continuing). He probably read you the section of the statute which says that: "The sheriff or deputy shall at least once each month visit each place."

And he probably also read you the section which said the sheriff shall be liable for the acts or omissions of his deputies.

Mr. DIEBOLD. No, he did not read that.

Mr. RICE. In other words, you are responsible for your men.

Mr. DIEBOLD. Yes, I realize that.

Mr. RICE. You still take issue with Senator O'Connor about what he told you, do you?

Mr. DIEBOLD. Oh, I don't hold nothing against Senator O'Connor. Don't get me wrong. It may be that I misunderstood him, but I looked up the law since then.

Mr. RICE. What do you find the law to be now?

Mr. DIEBOLD. That I am supposed to visit, and be compensated in the amount of \$1,500, which I have not been, per year.

Mr. RICE. To check these places and make a report?

Mr. DIEBOLD. As the fiscal court would not allow me any money to investigate.

Mr. RICE. And you are now doing that?

Mr. DIEBOLD. Yes, sir, and I have a copy from the time I left here of the places that I visited, from the 22d of June to July 1, and I filed a copy with Mr. Grauman, the circuit court clerk.

Mr. RICE. Have you been out to the Beverly Club?

Mr. DIEBOLD. Yes, sir. I think it is marked two or three times.

Mr. RICE. What did you find out there?

Mr. DIEBOLD. Nothing, sir.

Mr. RICE. Nothing?

Mr. DIEBOLD. No, sir.

Mr. RICE. Not even the place?

Mr. DIEBOLD. Oh, I found the place, yes, sir.

Mr. RICE. Were there any people in it?

Mr. DIEBOLD. I think there were about 40 or 50 eating dinner. It was around 12:15.

Senator KEFAUVER. Twelve-fifteen in the daytime?

Mr. DIEBOLD. Night, sir.

Senator KEFAUVER. In the nighttime?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. Did they have a floor show?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. Now, did you watch the floor show?

Mr. DIEBOLD. No, sir.

Mr. RICE. Did you see any slot machines there?

Mr. DIEBOLD. I did not, no, sir.

Mr. RICE. Did you look for them?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. Did you look in the side room?

Mr. DIEBOLD. Yes.

Mr. RICE. Did you look upstairs?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. All through it?

Mr. DIEBOLD. Yes, sir, personally.

Mr. RICE. Now, then, I see where you went down to the Bobben Realty Co., or someone did.

Mr. DIEBOLD. Yes, sir.

Mr. RICE. And what did they find down there, or what did you find down there?

Mr. DIEBOLD. I found nothing in there, sir.

Mr. RICE. Well, there was testimony just a few minutes ago—

Mr. DIEBOLD. That place was closed up, I think, then.

Mr. RICE (continuing). That they arrested two people there, in the Finance Building.

Mr. DIEBOLD. That is right, sir.

Mr. RICE. What was it? Where they running or closed?

Mr. DIEBOLD. They are closed.

Mr. RICE. As a matter of fact, you have not been able to find anything, have you?

Mr. DIEBOLD. No, sir, and you have the record, and it is sworn to.

Mr. RICE. You think that law is probably a mighty good thing, then, don't you?

Mr. DIEBOLD. I do.

Mr. RICE. Now, then, you went in in 1950?

Mr. DIEBOLD. Yes, sir.

Mr. RICE. 1950 was a right good-sized operation out there at Beverly Hills, wasn't it?

Mr. DIEBOLD. That I don't know. I was not in there.

Mr. RICE. You did not check it, then?

Mr. DIEBOLD. No, sir. I had not been up there until the time I made this survey.

Mr. RICE. You had not considered that your duty?

Mr. DIEBOLD. No, I would not say that, sir.

Mr. RICE. How do you account for this tremendous operation at Beverly in 1950, running without your knowledge—or was it without your knowledge?

Mr. DIEBOLD. I didn't know it. I was not in there, sir. The only time that I was in there in 1950 is when I took some orphans up there, it was around Christmas time in 1950, in the afternoon, and they put on a show for them, and they gave them ice cream and candy. That was the only time that I was in Beverly Hills.

Mr. RICE. Did you see slot machines when you were up there then?

Mr. DIEBOLD. No, sir.

Mr. RICE. Did you go in that side room?

Mr. DIEBOLD. Yes, sir, I did, because I went right through the front door, there were probably 30 or 40 machines that had taken the orphans up there.

MR. RICE. Several thousand dollars were extracted from the public in 1950 in Beverly Hills through gambling. You didn't know anything about that?

MR. DIEBOLD. No, sir; I did not, because I had not been in there. I cannot say.

MR. RICE. Did you concern yourself at all with gambling in the county up until last month?

MR. DIEBOLD. Yes, sir; I did. That was my first orders when I took office in 1950, to my deputies, that if they found any, to bring them in.

MR. RICE. And did they find any?

MR. DIEBOLD. No, sir; not at that time, and at the same time I had made three or four trips with Judge Moebus.

MR. RICE. You made some trips?

MR. DIEBOLD. Yes.

MR. RICE. Where did you travel to?

MR. DIEBOLD. To the White Villa, the 19 Club, and The Rainbow.

MR. RICE. How about the Yorkshire?

MR. DIEBOLD. No, sir; I was not in the Yorkshire with him.

MR. RICE. Did you go in the Kentucky Club?

MR. DIEBOLD. The Kentucky Club?

MR. RICE. Yes.

MR. DIEBOLD. I don't know where that is.

MR. RICE. Did you go in the Kenton?

MR. DIEBOLD. No.

MR. RICE. That is over in the other county, isn't it?

Had anyone ever been arrested by you or your deputies for gambling since you have been in office?

MR. DIEBOLD. Has anybody been?

MR. RICE. Yes.

MR. DIEBOLD. No, sir.

MR. RICE. Would you say there has been no gambling in the county since you have taken office?

MR. DIEBOLD. No, sir, I wouldn't say that.

MR. RICE. How do you reconcile that? Here you have taken an oath here, a big oath of office, to enforce the laws, and you say you knew there was gambling, and yet neither you nor your deputies did anything about it.

MR. DIEBOLD. I think I made a statement when I was here before, that I was under the impression that the law enforcement office was the county, properly, and each city officer took care of his own locality.

I made that statement, I think, when I was here before, sir.

SENATOR KEFAUVER. You mean you did not know until June—

MR. DIEBOLD. No. I had known it previous to that, Senator, because I was informed by my attorney.

SENATOR KEFAUVER. But you did not know until recently that you had anything to do with gambling?

MR. DIEBOLD. Not to make a survey, as they have told me, sir.

MR. RICE. Did anybody tell you about section 435, or rather, 436, talking about peace officers, where it says:

Any peace officer having knowledge or information of the commission of the offense of setting up or carrying on—

and it mentions gambling games—

where money may be won or lost, or who has knowledge of any person aiding or abetting in the offense, who fails to arrest or cause to be arrested immediately the person offending, and taken before the proper courts, shall be fined not less than \$1,000, and imprisoned for not less than 6 nor more than 12 months, and shall forfeit his office.

In other words, you as a peace officer had information, and failed to act, and if that were so you were supposed to go to jail and forfeit your office and be fined.

Mr. DIEBOLD. That was not read to me here.

Mr. RICE. Is this the first time you have heard about that one?

Mr. DIEBOLD. No, no. I have found out different.

Mr. RICE. So that now you are going to be very diligent about these places, aren't you?

Mr. DIEBOLD. I have been, and there is my report, sir.

Senator KEFAUVER. June 22 to July 1 this year.

Mr. DIEBOLD. Yes, sir.

Senator KEFAUVER. How much do you get paid, Sheriff?

Mr. DIEBOLD. \$5,000 a year; sir.

Mr. KEFAUVER. Are you going to make it?—well, is that a flat salary?

Mr. DIEBOLD. This is the only county in Kentucky that has a straight salary for the sheriff. All the other counties are fees. I get no fees.

Senator KEFAUVER. You don't get anything for making this report?

Mr. DIEBOLD. It doesn't look like that, it doesn't look like I will. I am supposed to be paid by the State \$1,500, but there was nothing set down below about it, and I guess I will just have to go on my own and make it.

Senator KEFAUVER. That is in addition to the \$5,000?

Mr. DIEBOLD. It is supposed to be. I think there is a note in the KRS that the sheriff is supposed to get \$1,500 extra a year.

Senator KEFAUVER. Let's see, what are the big places operating in this county?

Mr. DIEBOLD. In Campbell County?

Senator KEFAUVER. Yes.

Mr. DIEBOLD. There is the Merchants Club.

Senator KEFAUVER. And Club Flamingo?

Mr. DIEBOLD. And the Yorkshire Club. The Club Flamingo is closed.

Senator KEFAUVER. The Club Alexandria?

Mr. DIEBOLD. Yes.

Senator KEFAUVER. And the Latin Quarter?

Mr. DIEBOLD. The Latin Quarter and Beverly Hills.

Senator KEFAUVER. You didn't know they were pretty big gambling places?

Mr. DIEBOLD. Sir, I was not in them. I had not been in those places.

Senator KEFAUVER. No; but did you ask around to find out? You could have done that, couldn't you? You are a good-will man. You know how to find out those things.

Mr. DIEBOLD. Well, they used only premium beer in those places, and I had no occasion to go in.

Senator KEFAUVER. They only used what?

Mr. DIEBOLD. Premium beer.

Senator KEFAUVER. What kind of beer was it you sold?

Mr. DIEBOLD. Hudepohl Brewing Co., Cincinnati, Ohio.

Senator KEFAUVER. Didn't you get around and try to sell them, when you were their good-will man?

Mr. DIEBOLD. No, sir; because they wouldn't handle anything but a premium beer.

Senator KEFAUVER. How did you know that? Did you talk to them about it?

Mr. DIEBOLD. I talked to the man that purchased for those places.

Senator KEFAUVER. You talked about that to them?

Mr. DIEBOLD. Several years previous to the time I quit.

Senator KEFAUVER. Well, now, who did you talk with when you went around to these clubs?

Mr. DIEBOLD. The purchasing agent.

Senator KEFAUVER. Do you remember who they were?

Mr. DIEBOLD. Well, there was one fellow at Beverly Hills by the name of Mike. I don't know whether he is there yet or not, but you would see them in the morning.

Senator KEFAUVER. You would see them in the morning?

Mr. DIEBOLD. Yes. You contacted them in the morning.

Senator KEFAUVER. Did you see those advertisements in the Cincinnati papers about "Come out and have a good time"? And everybody understood that meant to come out and gamble?

Mr. DIEBOLD. Come out and gamble? I didn't see that.

Senator KEFAUVER. You did not see that?

Mr. DIEBOLD. "Come out and gamble"? No, sir.

Senator KEFAUVER. Do you mean that, since January 1950, neither you nor your deputies have arrested anybody in Campbell County for gambling?

Mr. DIEBOLD. No; not from one of those places, because my men do mostly the serving of papers. Maybe we will have a warrant for that place, and that is the way we serve and get them.

Senator KEFAUVER. But you have been there a year and a half, and no arrests whatsoever have been made for gambling?

Mr. DIEBOLD. I told you I was with Judge Moebus, and we went out on that several times, and he, after June or July of 1950, then wouldn't come over to my office to get any of my men, but continued himself with the county patrol.

Senator KEFAUVER. Sheriff, we had here, some time back, cards that were put out by the Beverly Club saying that they were going to reopen their casino on May 1.

Mr. DIEBOLD. Of this year?

Senator KEFAUVER. Yes. They got closed down, I think, about the time we had a hearing in Cleveland, and they distributed cards all around and put them up on telephone poles that they were going to reopen on May 1. Did you ever see any of those cards?

Mr. DIEBOLD. No, sir; I never seen any of those cards.

Senator KEFAUVER. You never saw them?

Mr. DIEBOLD. No, sir.

Senator KEFAUVER. Well, it is very remarkable.

Do you have anything else, Mr. Rice?

Mr. RICE. I am curious as to whether the good will men had an organization of any kind, an association or anything like that.

Mr. DIEBOLD. An organization?

Mr. RICE. Yes.

Mr. DIEBOLD. No.

Mr. RICE. Well, Frank Costello, up in New York, and down in New Orleans, there was testimony that Frank Costello was a good will man for the Beverly Club, and I think for House of Lords Scotch.

Mr. DIEBOLD. I was not that kind of a good-will man, Mr. Rice. No. I was furnished a car, as I stated, and I went to the various cafes and taverns, and walked in there. At that time we could buy beer for whoever was in there, but then the law came along and stopped that for the breweries. We could not buy any more beer or drinks for any of the customers in the place.

Senator KEFAUVER. Sheriff, you are not really much interested in this gambling deal?

Mr. DIEBOLD. I am, sir. What do you think I done that for [indicating]?

Senator KEFAUVER. Well, you said you were going to get \$1,500.

Mr. DIEBOLD. Well, I didn't get it.

Senator KEFAUVER. Are you going to keep on doing it?

Mr. DIEBOLD. Yes, sir. You will get a report between the 1st and 10th of the month, whether I get paid or not. I will assure you that I will do it. That is cooperation.

Senator KEFAUVER. If you would go into some of these back rooms of these places, you may see something.

Mr. DIEBOLD. I do go in there, Senator. When I walk in there, I walk in, and I made them myself, because I would have 6 nights until 2 o'clock. That is closing time.

Senator KEFAUVER. Do you want us to keep this list?

Mr. DIEBOLD. Yes, sir; I have a copy for my files, and the original is in Mr. Grauman's office.

Senator KEFAUVER. All right. Is there anything else?

Mr. RICE. I think we have one more witness.

Senator KEFAUVER. Thank you, Sheriff.

Mr. DIEBOLD. Thank you.

Mr. RICE. Mr. Eha.

Senator KEFAUVER. Will you raise your right hand?

Do you swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EHA. I do.

TESTIMONY OF CHARLES J. EHA, CITY COMMISSIONER, NEWPORT, KY.

Senator KEFAUVER. Will you take over the questioning, Mr. Rice, please?

Mr. RICE. Yes.

How do you spell your name, sir?

Mr. EHA. E-h-a.

Mr. RICE. And that is Charles J.?

Mr. EHA. That is right.

Mr. RICE. Where do you live?

Mr. EHA. 636 Lexington Avenue, Newport, Ky.

Mr. RICE. And you are city commissioner there?

Mr. EHA. That is right.

Mr. RICE. How long have you been city commissioner?

Mr. EHA. Since January 1, 1950.

Mr. RICE. And you were backed by the Newport Civic Association in your campaign?

Mr. EHA. That is correct.

Mr. RICE. Now, then, since you have been a commissioner, have you helped to take action against gambling in the Newport area?

Mr. EHA. Yes, sir; I have.

Mr. RICE. And what have you found there with respect to the general policy toward gambling? Can you tell us something about that licensing system that used to be in effect?

Mr. EHA. Well—

Mr. RICE. Whether it has changed or not.

Mr. EHA. Do you mean the licensing of these places?

Mr. RICE. Yes.

Mr. EHA. Well, that was repealed on December 30, by the old board, the outgoing board. At that time it had been in effect approximately 6 months. In fact, it was due to stay in effect until under the ordinance, that was drawn up until, I believe June or July 1 of 1951, but they repealed it on December 30, 1949.

Mr. RICE. During your regime, had it ever been considered that they might reenact that?

Mr. EHA. No, sir. We wanted to divorce the city's financial condition, or the city's economy from that kind of business, because it is unsound, and the sooner you can get away from it, the better it will be.

Mr. RICE. You feel, then, that it is economically possible for the city of Newport to support itself without resorting to any sort of taxing of the gambling operations?

Mr. EHA. That is right.

Mr. RICE. And you feel that you can get along very well without the gambling?

Mr. EHA. That is right. And I think that was proven last year, when the city, through its efforts, made more improvements in the city in the way of streets than has been made in years. We bought more new equipment than has been bought in years, and generally the people, I think, were much more satisfied.

Mr. RICE. Well, as a matter of fact, then, the city could not only survive, but it is actually much better off, in your estimation, with the suppression of gambling?

Mr. EHA. That is right.

Mr. RICE. Now, then, there was a time when there was a raid on a fellow by the name of Schmidt, wasn't there?

Mr. EHA. Yes, sir.

Mr. RICE. Tell us about that.

Mr. EHA. Well, on December 5 or 6 of 1950, at our board of commissioners' meeting, prior to the board of commissioners' meeting the mayor of the city informed two other commissioners and myself, that on a previous night there were 15 slot machines in operation in the basement of the Pete Schmidt Playtorium.

Mr. RICE. Where is that located?

Mr. EHA. It is located at Fifth Street, between Monmouth and York, and I told the mayor at that time, that, if necessary, I would make a personal inspection myself.

The police had gone down there during the course of the week—first of all, the mayor first informed the city manager, and during the course of a week I let go by. I went down there on a Monday night.

Mr. RICE. Who of the police went down there, Mr. Eha, do you know?

Mr. EHA. Well, I know that White was one of them, and Fred Wesling.

Mr. RICE. Did the chief go down?

Mr. EHA. Oh, no, the chief, I don't think, goes to those places.

I went in, and I went down, and I went down the basement steps, which is sort of a large meeting room. I mean, it will probably seat five or six hundred people, and in going down the steps I heard these machines in operation. There were only three of them at the time, I believe two nickel machines—

Mr. RICE. Was that place open to the public?

Mr. EHA. Yes.

Mr. RICE. You could walk right in off the street?

Mr. EHA. I did. I walked right in off the street, down to the assembly room, but these machines were not in the main assembly room, they were in sort of a large storage room 20 by 30 feet. There were mops and brooms and various paraphernalia that they might use in cleaning.

Mr. RICE. Everything for cleaning up?

Mr. EHA. That is right. There was a large dice table, disassembled, the legs were off, and it was sitting in one part of the room.

I got in touch with City Manager Rhoads, and related to him what I had seen, and he called George Mullencamp, the city prosecutor, and Mr. Mullencamp obtained a warrant, and I signed it, and we went to Judge Mayberry's and had the warrant signed.

Mr. Rhoads and Mr. Mullencamp went in and had it signed. Meantime, Mr. Rhoads had contacted Lieutenant Hanley.

Mr. RICE. Was it a search warrant or an arrest warrant?

Mr. EHA. It was a search warrant.

Mr. RICE. Against the premises?

Mr. EHA. Yes.

Mr. RICE. Did it name any individuals?

Mr. EHA. It named Pete Schmidt.

Mr. RICE. It named Schmidt?

Mr. EHA. Yes, Pete Schmidt.

Senator KEFAUVER. That is spelled S-c-h-m-i-d-t, is it not?

Mr. EHA. That is correct. And Lieutenant Hanley came up, and while the search warrant was being signed by the police judge, he and I went back to Schmidt's place in an effort to get in there before Mr. Rhoads and Mr. Mullencamp got down to police headquarters, because we felt like there would possibly be a tip-off.

Mr. RICE. Yes. And you wanted to be there to see what happened?

Mr. EHA. We wanted to be in the room when the police came. The doors were locked on the outside. It could possibly have been that they saw me in there, when I was in the first time. I was only in there about 30 seconds, probably 30 seconds to a minute. I wasn't there very long, just long enough to see what was going on.

So we went back to police headquarters, and we got more police, and the third time we came back the front door was open, and we

proceeded on down the hall, and the door was locked, where these machines were.

First, there wasn't anyone down there, and the police went through the building.

Mr. RICE. How much time had elapsed from the time you actually gained access—I mean from the time you saw the gambling and the time you actually gained access.

Mr. ENA. Oh, it was 10 o'clock when I went in, and it was around 11:30 to a quarter to 12 when we went in the final time, with the police. It took somewhere between an hour and a half and an hour and 45 minutes.

The police and detectives were going around looking, and about 5 minutes later, we were in there, and Glenn Schmidt, the son, came down, and the detective that had the search warrant started to read the search warrant.

After about 3 minutes of waiting, or after about 5 minutes to find someone, and about 3 minutes elapsed during the reading of part of the search warrant, he said, "Well, you had better read that to Pop." So they had to go after "Pop," who was Pete Schmidt. About another 5 minutes elapsed before Pete Schmidt came around, and then it took about 5 minutes to read it.

I would say from the time we entered the building with the search warrant, until it was finally read to him, about 20 minutes had elapsed.

After the search warrant was read, Pete Schmidt said, "Well, there it is, boys. You don't see nothing, and there is nothing there."

He pointed to the assembly hall, and there wasn't anything visible there.

I said, "We are interested in what is behind that door." He said, "I don't have a key."

So the police, they didn't say anything for a few seconds there, like there was some hesitancy on their part, and I told them, I said, "Break down the door." And with that, Carl Ape, who is now a sergeant, proceeded to give it two pretty hard kicks, and it looked as if the door was going to give way. So Pete Schmidt reached into his pocket, pulled out a key, unlocked the door, and said, "There is what you want, I guess."

So I stayed with the machines, because I did not want them walking off.

Mr. RICE. The machines were there?

Mr. ENA. They were there. There were three of them. And the police going through the building, and the big dice table, they got ready and moved that out, and I suppose I was down there waiting altogether a half hour.

Sergeant Thiem was along, he was among those present, and during the course of going through the building, I heard one detective say to one of the men, one of the officers there, that there was a friendly poker game going on upstairs by the "JC" members. It was some men from the junior chamber of commerce, who were having sort of an affair there that night on the upper floor.

I think it was a 10- or 15-cent poker game, just more or less of a sociable affair.

Anyway, the police did not do anything about it, because I think they realized it was just purely social purposes.

Mr. RICE. What became of the slot machines?

Mr. EHA. Well, they moved those out.

Mr. RICE. They confiscated those?

Mr. EHA. Yes.

Senator KEFAUVER. I don't understand, what was the tip-off, what is all this about?

Mr. EHA. I really don't believe there was any truth to that. I don't believe there was any truth in it, because of the fact that they could have seen me, when I went in there the first time.

Senator KEFAUVER. So the only thing is, the place was closed up and locked when you got back.

Mr. EHA. Yes.

Mr. RICE. Did they convict Schmidt?

Mr. EHA. No, sir. I was branded by Charley Lester in the police court, who is attorney for the Schmidts, as a "Carrie Nation."

Senator KEFAUVER. As a what?

Mr. EHA. As a "Carrie Nation."

Senator KEFAUVER. What is that?

Mr. EHA. Well, it seemed like Carrie Nation was a woman who went around chopping up bars, and something like that. At one time that happened. She was a dry, or something to the effect.

Anyway, the case was bound over to the grand jury, and an indictment was—in the meantime, I signed a warrant of arrest against Glenn Schmidt, because I believe the licenses were in his name. We had a search warrant against Pete Schmidt, and a warrant of arrest against Glenn Schmidt.

The case went to trial, and I was finally branded pretty well, and pretty well taken apart by Charley Lester for my actions. I was again branded as a "Carrie Nation" and a liar.

He apparently succeeded in convincing the jury. He had said that I did not see the machines, that I had sworn falsely to the affidavit, the search warrant. The jury retired and I would say within about 3 minutes' deliberation they returned and rendered a verdict of not guilty.

That was against Glenn Schmidt.

The case against Pete Schmidt was dismissed, because it seemed that the property is not in his name.

Senator KEFAUVER. All right. Anything else?

Mr. RICE. Did you ever do any more crusading?

Mr. EHA. Yes. Early, I would say—

Mr. RICE. Don't go into too great detail on it.

Mr. EHA. Yes. Well, in June of 1950, I had received word that slot machines had returned that evening. That was around 6 o'clock. I went and investigated one particular place, a cafe, and I found that that was so.

So I called the police department, and I talked to sergeant, to a sergeant there, and told him who I was, and gave him my telephone number so he could call me back in case he doubted it, and told him that I wanted the police sent up there.

Well, he called Gugel, and asked Gugel if he should send police up there.

Senator KEFAUVER. You don't know that of your own personal knowledge, do you?

Mr. RICE. Did you check with him later?

Mr. EHA. Yes, sir. I asked Chief Gugel about it. I asked him why he did that, and he said he didn't know. Anyway, they did send police up, and they picked up two slot machines at about 7 o'clock.

At 8 o'clock a Catholic bingo was raided on orders of Chief Gugel. Chief Gugel said that someone had called his home and said that bingo was as much gambling as slot machines.

Now, I personally don't even know Chief Gugel's telephone number, because it is an unlisted telephone. During the course of our drive against these commercialized gambling houses, we have been more or less told through the grapevine, or just through different people that might be friendly towards us, that they are not going to let bingos operate so long as commercialized operations are closed up.

Mr. RICE. Have you ever received any threats?

Mr. EHA. Well, over the telephone, yes, sir. I have had to have my telephone changed several times, when they have gained knowledge of the number.

Mr. RICE. Did they say they would get even with you?

Mr. EHA. Well, early in the campaign, or early in the year, I was voicing my objections so far as the police department was concerned, and I was told that if I didn't keep my mouth shut that I would get waylaid somewhere.

Another time I had calls at my home, and they told me if I knew what was good for me, that I had better stop fighting them.

Mr. RICE. You never received any letters, any threatening letters?

Mr. EHA. No, sir. I have received crank letters pertaining to things when they don't agree with you, but certainly none that were threatening.

Mr. RICE. You don't intend to let those telephone calls deter you in your conscientious objective?

Mr. EHA. Our job is too big to be afraid.

Mr. RICE. You are going right ahead?

Mr. EHA. Yes, sir.

Senator KEFAUVER. Well, are conditions better generally in Newport than they were when you had wide open gambling?

Mr. EHA. Yes, sir; I am sure they are. I mean, I have every reason to believe that. I know that the people at least are going to have an opportunity to actually show how they feel about it this coming election.

Senator KEFAUVER. Do you know whether Newport lost some other industry or industries, because of the conditions existing there?

Mr. EHA. Well, to be specific about it, I cannot say, but I do know this, that conditions as they were 2 years ago, industry then would be very, very skeptical about coming into Newport for that reason, because they had a very sound economic—or rather, a very unsound economic situation.

Senator KEFAUVER. What is your business?

Mr. EHA. What kind of business am I in?

Senator KEFAUVER. Yes.

Mr. EHA. I am a time-study man for the Wadsworth Watchcase Co.

Mr. RICE. Do you have a full-time job?

Mr. EHA. Yes. A commissioner's job in both Covington and Newport, is only a part-time job, at \$1,500 a year.

Mr. RICE. Well, now, have you ever lost any time from work because of being subpoenaed in connection with cases in which you were never called?

Mr. EHA. Yes, on several occasions. Art Dennert, represented by Charley Lester, was on trial for violations, and Mr. Lester would subpoena the entire board, including the mayor, the two attorneys, the city manager, in fact, all eight of us.

Mr. RICE. Yes. That was a way of harassing you, you would take it?

Mr. EHA. That is right, trying to make our job as disagreeable as he possibly could.

Mr. RICE. And you were subpoenaed and forced to sit around all day, but never called?

Mr. EHA. That is right. He made some statements the last time, when Mr. Warren during the trial requested of the judge that the witnesses be dismissed, and Mr. Lester said something like this, "Oh, let them sit around, they don't have anything to do anyway with their little pointed heads."

Mr. RICE. Well, perhaps we had better not comment on that, from the number of witnesses that had to sit around today.

I think that is all.

Senator KEFAUVER. All right. We are glad to hear of your determination that you and the other commissioners are going to keep up this effort.

Mr. EHA. Well, Senator Kefauver—

Senator KEFAUVER. Do you have anything else you want to add to the testimony here?

Mr. EHA. Well, before you commended City Manager Rhoads for the way in which he is successfully carrying out this thing. I have an editorial that I want to leave with you that appeared in the Kentucky Times-Star. I would like for you to read it. It is written by an editor who has long been opposed to commercialized gambling, and I think he can give you a true picture as to how he feels about the city manager.

Senator KEFAUVER. We would like very much to have it. Mr. Rhoads impressed me as being an honest man trying to do a good job, and I hope time proves that I am right.

Mr. EHA. Mr. Rhoads' best recommendation, probably, is that those who are opposed to him are the gamblers, and those that sympathize with the gamblers.

Senator KEFAUVER. All right, sir. We thank you very much for your testimony and your coming here.

Now, the names of a good many people have been brought out here in the hearings, and if they want an opportunity of testifying, or submitting a letter or statement, they should immediately notify Senator O'Connor or the staff of the committee, and I am sure that that opportunity will be given to them.

It is good to note that there have been some efforts made to better conditions in northern Kentucky. This new city commission, and the mayor, and the city manager of Newport, seem to be on the job in carrying forward courageously, and there seem to be some better signs in other places.

There is still a great deal to be done in law enforcement. One of the distressing things—some of the law-enforcement officials we have had testimony from, either through ineptitude, or for some other reason, have not been doing their duty, as is quite obvious by the hearings, and one of the distressing things is that this is one and has been for some time, one of the principal centers of operation of the Cleveland gang, with very substantial operations, and nothing really seems to have been done about getting at the big boys.

I hope that these prosecuting attorneys and judges and people who are in places of responsibility will keep that in mind, because the facts can be gotten, and they can be presented to grand juries, and certainly this seems to be a basis for at least a very substantial effort to get at other than the little fellows.

I have not had the opportunity of following all this testimony, but the summation seems to be that there has been considerable improvement in northern Kentucky, with a great deal left to be done. There are some good enforcement officers, and some who are not interested in cleaning up the situation.

Is there anything you want to add, Mr. Rice?

Mr. RICE. I think you have covered it very well, sir.

Senator KEFAUVER. All right. I am sorry to have kept everybody here so late, but I did not know that we had so many witnesses.

The committee will stand in recess until further announcement.

(Whereupon, at 8:40 p. m., the hearing was adjourned.)

APPENDIX

EXHIBIT No. 1

Country Club enterprise (Beverly Hills County Club),¹ Alexandria Pike, Route 27, Newport, Ky.

	1944	1945	1946	1947	1948	1949
Gross receipts.....	\$85,381.00	\$369,920.00	\$395,893.00	\$310,699.00	\$147,318.00	\$528,654.00
Net income.....	43,451.00	166,570.14	172,387.60	131,194.78	195,770.74	230,428.36
Salaries and wages ²	30,537.00	173,325.00	195,426.00	150,703.00	193,704.00	225,531.00
Partners' shares of above income:						
As profit:						
Samuel A. Tucker.....	13,461.81	16,135.38	17,027.73	12,839.73	19,576.79	24,442.92
M. B. Dalitz.....	3,461.81	16,135.38	17,027.73	12,839.73	19,576.79	24,442.92
Louis Rothkopf.....	3,461.81	16,135.38	17,027.73	12,839.73	19,576.79	24,442.92
Morris Kleinman.....	3,461.81	16,135.38	17,027.73	12,839.73	19,576.79	24,442.92
Charles Polizzi.....	2,517.68	11,734.82	12,383.80	9,337.98	14,237.66	17,776.67
T. J. McGinty.....	2,697.51	12,572.99	13,268.40	10,004.98	15,254.63	19,046.43
John Croft.....	2,090.58	9,744.04	10,282.99	7,753.84	11,822.32	14,760.98
Harry Potter.....	2,563.55	7,334.26	7,739.88	5,836.24	8,898.54	11,110.42
Mitchell Meyer.....	2,338.75	6,286.50	6,634.19	5,002.49	7,627.32	9,523.21
Samuel Schraeder.....	4,248.59	19,892.50	20,897.67	15,757.85	24,026.01	29,998.13
Marion Brink.....	3,147.10	14,668.51		11,672.48	17,797.07	22,220.84
Jimmy Brink.....			15,479.75			
As salary:						
M. Meyer.....		4,095.00	3,795.00	3,735.00	3,900.00	4,110.00
H. Potter.....		4,095.00	3,795.00	3,735.00	3,900.00	4,110.00
John Croft.....		1,695.00				
Sam Tucker.....		10,000.00	10,000.00	10,000.00	10,000.00	
Breakdown of receipts available only for 1946, 1947, 1948:						
Receipts, net:						
Bingo.....			(120.00)	355.00	(5,774.00)	
Money wheels.....			75,256.00	52,851.00	70,089.00	
Chuck.....			20,670.00	15,396.00	17,931.00	
Black Jack.....			37,474.00	30,627.00	51,031.00	
Crans and others.....			175,246.00	149,556.00	244,338.00	
Slots.....			87,167.00	61,914.00	69,703.00	
Total.....			395,893.00	310,699.00	447,318.00	
Expenses:						
Payroll.....			195,426.00	150,703.00	193,704.00	
Rent.....			18,090.00	16,500.00	44,000.00	
Other.....			10,079.40	9,301.22	13,843.26	
Total.....			223,595.40	176,504.22	251,547.26	
Net income.....			172,387.60	134,194.78	195,770.74	

¹ Country Club Enterprise runs the gambling casino while a Kentucky corporation, Beverly Hills, Inc., operates the night club entertainment, dining room and liquor business. A Nevada corporation, Boulevard Enterprises, Inc., holds the real estate. Alvin E. Giesey is secretary of both corporations.

² Salaries and wages included in deductions—excluding compensation to any of the partners.

NOTE.—Returns prepared by E. W. Sauers for 1944-49. Returns signed by S. A. Tucker for 1944-48 and Harry Potter for 1949.

EXHIBIT No. 2

The Yorkshire, Newport, Ky.—Business: Cafe and games

	1944	1945	1946	1947	1948	1949
Gross receipts	\$65,903.60	\$534,017.74	\$637,838.28	\$685,967.37	\$670,370.00	\$856,601.09
Cost goods sold	66,648.81	352,350.06	444,425.20	479,663.80	403,675.00	509,285.41
Gross profit	(745.21)	181,667.68	193,413.08	206,303.57	266,695.00	347,318.68
Net income	(12,818.44)	144,705.65	148,677.29	144,781.54	184,733.34	242,864.25
Partner's shares of income or loss:						
Maurice Ryan, Fort Thomas, Ky	(203.42)	10,899.54	10,524.87	10,620.33	12,825.42	17,193.21
Fred Hallam, Bellevue, Ky	(1,006.84)	16,674.07	15,469.73	15,265.65	20,700.84	26,961.42
Richard Fox, Bridgetown, Ohio	(193.42)	969.45	-----	-----	-----	-----
Morris Nimmo, Fort Thomas, Ky	(163.42)	10,899.54	11,574.86	11,670.33	13,800.42	16,693.21
Robert F. Bergin, Fort Thomas, Ky	157.95	8,589.72	9,266.92	9,757.20	10,645.26	13,475.93
Sam Gutterman, Cincinnati, Ohio	(322.05)	12,009.76	12,678.84	6,309.80	4,470.25	6,025.93
George Bregal, Melbourne, Ky	(803.42)	5,774.54	5,894.86	5,595.33	1,470.24	-----
A. R. Masterson, Fort Thomas, Ky	(803.42)	5,774.54	5,894.86	5,595.33	7,450.42	10,043.21
E. R. Lowe, Louisville, Ky, ¹	(803.42)	5,774.54	5,894.86	5,595.33	7,450.42	10,043.21
Alfred Goltsman, Cleveland, Ohio	(1,253.34)	6,956.23	7,073.84	6,714.39	8,940.49	12,051.86
George Gordon, Cleveland, Ohio	(1,253.34)	6,956.23	7,073.84	6,714.39	8,940.49	12,051.86
John Angersolo, Cleveland, Ohio	(1,253.34)	-----	-----	-----	-----	-----
Sammel Tucker, Southgate, Ky	(1,253.34)	6,956.23	7,073.84	6,714.39	8,940.49	12,051.86
James Brink, Fort Mitchell, Ky	(803.43)	5,774.54	5,894.86	5,595.33	7,450.42	10,043.21
Ruby Kolad, Cleveland, Ohio	(1,253.34)	6,956.23	7,073.84	6,714.39	8,940.49	12,051.86
Abe Schneider, Cincinnati, Ohio	(1,606.85)	11,549.07	11,789.73	11,190.65	14,900.84	20,086.41
Claude Hines, Fort Thomas, Ky	-----	5,700.09	5,894.86	5,595.33	7,450.42	10,043.21
Charles Polizzi, Cleveland, Ohio	-----	6,956.23	7,073.84	6,714.39	8,940.49	12,051.86
John Croft, Cincinnati, Ohio	-----	9,535.10	12,528.84	11,739.38	14,615.49	18,476.86
George Bear, Detroit, Mich	-----	-----	-----	6,679.60	10,820.27	13,475.93
Freda Bregal, Melbourne, Ky	-----	-----	-----	-----	5,980.18	10,013.21

¹ Address of E. R. Lowe shown as Tucson, Ariz., in 1948 and 1949.

NOTE.—All of the above returns prepared by Jack Kuresman. Returns for 1944 through 1947 signed by Sam Gutterman. 1948 and 1949 returns signed by John Croft, Cincinnati, Ohio.

Deductions for 1945 include "customer expense" of \$10,405, deductions for 1948 include "customer expense" of \$16,311, deductions for 1949 include "customer promotion expense" of \$12,759.

EXHIBIT No. 3

Lookout Club, Corington, Ky., organized Sept. 8, 1941

	1944 (first 6 months)	1944 (second 6 months)	1946	1948	1949
Gross receipts	\$117,719.00	\$180,690.00	\$506,795.00	89,677.00	\$437,818.00
Gross profit			173,771.18		
Net income	62,770.68	68,009.58	148,844.29	175,064.21	163,543.50
Partners' share of income:					
James Brink	9,123.10				
Marion Brink		6,548.96	11,884.43	17,506.42	16,354.35
Samuel Miller	9,123.10	9,824.44			
Charles V. Carr	3,041.03	3,274.48	7,442.21	8,753.21	8,177.17
Mitchell Meyer	3,041.03	3,274.48	9,168.81	10,783.96	10,074.28
John Croft	1,520.53	1,337.24	4,584.40	5,391.98	5,037.14
Samuel Schraeder	5,777.96	6,221.50	17,399.00	20,465.01	19,118.26
Louis Rothkopf	6,082.07	6,548.96	18,315.29	21,541.65	20,124.02
Morris Kleinman	6,082.07	6,548.96	18,315.29	21,541.65	20,124.02
M. B. Davis (Dalitz)	6,082.07	6,548.96	18,315.29	21,541.65	20,221.02
Louis K. Tucker ¹	6,082.07	6,548.96	18,315.29	21,541.65	20,124.02
Charles Polizzi	4,865.65	5,239.16	14,661.17	17,243.82	16,109.01
B. W. Brink		3,274.48	7,442.21	8,753.21	8,177.18
Salary: Sam Miller	1,950.00	2,520.00			

¹ Wife of Samuel Tucker.

NOTE.—Returns prepared by E. W. Sauer for 1944-49. Returns signed by James Brink for 1944; B. W. Brink for second 6 months of 1944 and 1946-49. 1945 and 1947 returns have not been located.

Lookout Club operates the gambling casino. Lookout House, Inc., operates the night club, entertainment, dining room, and liquor business. It is a Kentucky corporation. Jimmie Brink, Inc., a Nevada corporation, holds the real estate.

Comanagers of Lookout Club: Charles Drahman and George Todd. Secretary of Jimmie Brink, Inc., and Lookout House, Inc.: A. E. Giesey.

EXHIBIT No. 4

The press carried the suggestion that the sheriff's office could assist in a check-up for gambling at Campbell County cafes, restaurants, and roadhouses. My office has always been willing to cooperate with the county patrol, because we recognize the inability of the small force of patrolmen to effectively do all of the police work assigned to them. We have not always been able, because of our many other duties in serving the civil courts, the collection of taxes, etc., to render actual assistance.

The collection of taxes by the sheriff is now completed, and the pressure of that business is relieved. As an indication of the willingness of myself and my deputies to cooperate with the county patrol in performing their many duties, and to give the citizens of Campbell County the kind of police protection to which they are entitled, our office is willing to assume the policing and supervision of the cafes, restaurants, and roadhouses of the county and to eliminate all forms of gambling insofar as that is possible. With only six patrolmen working each 24 hours it is obvious that the citizens of the county, as well as visitors passing through the county, cannot receive proper police protection. This not only applies to traffic but to the protection of their homes and farms. Acting Chief Robert Matthews and the men under him have been performing splendidly, but it is unfair to both them and the taxpayers to expect them to devote the major portion of their time trying to ferret out violations of moral laws. The police departments of the various cities and towns in the county have apparently done a fine job of cooperating with the county patrol. Therefore, we are more than pleased to assume the supervision of the cafes, restaurants, and roadhouses of the county and to make the sheriff's office an active police agency, so that the county patrol can resume the constant patrolling of the roads of the county.

MOEBUS WANTS DIEBOLD TO HELP POLICE COUNTY

State law still sets the maximum salary which can be paid to county police by a fiscal court, Campbell County Judge Stanley C. Moebus was informed Monday in an opinion from H. D. Reed, assistant attorney general.

Judge Moebus had requested the opinion in an effort at arriving at some method of increasing the wages of members of the county police force.

Reed's opinion held that while a 1950 law gave the fiscal courts right to set salaries of police and similar personnel in the county set-up, it did not give the right to exceed the maximum established in the statutes.

Under the law those maximums are \$2,400 for patrolmen, \$2,700 for captains, and \$3,000 for chief. Most of the members of the Campbell patrol are now carried as captains.

Judge Moebus voiced the opinion that if he could not work out a plan to secure increased salaries for his patrolmen the office of Sheriff Ray Diebold should be called on for assistance in policing the county.

He said the county police constitute an additional law-enforcement agency in a county to the sheriff's office. Moebus also noted that the sheriff's office in Campbell receives approximately \$5,500 more yearly for deputies and clerical help than does the county patrol.

EXHIBIT No. 5

NEWPORT, KY., *March 24, 1951.*

MR. MALCOLM RHODES,
City Manager, City of Newport, Ky.

DEAR MALCOLM: I have repeatedly called your attention to alleged booking clearing houses interests having their offices in the building at the southeast corner of Fourth and York Streets, Newport, Ky. From the information which I have, this condition still exists.

I feel that it is your duty and the duty of the chief of police of Newport, to see that this condition is stopped and that any operations or activities at that time be hailed into court.

Trusting that you will look into this matter immediately, I am

Yours very truly

JAMES E. DECKERT,
Mayor, City of Newport.

Registered mail, return receipt requested.

FEBRUARY 2, 1951.

MR. GEORGE GUGEL,
Chief of Police, Newport, Ky.

DEAR SIR: Inasmuch as reports have come to my attention through the press and from officials of the city of Newport, that illegal activities are in operation in the Finance Building at Fourth and York Streets, it is my order that said building be kept under surveillance to determine whether or not any illegal activities are in operation; and if so, it is my further order that immediate steps be taken to eliminate such illegal activities.

Yours truly,

MALCOLM R. RHODES, *City Manager.*

Received by:

GEORGE GUGEL, *Chief of Police.*

EXHIBIT No. 7

AGREEMENT ENTERED INTO MARCH 14, 1950, BY THE SOCIAL ACTION COMMITTEE AND THE COVINGTON AND KENTON COUNTY PEACE OFFICERS

We who have met and conferred concerning commercial organized gambling and law enforcement conditions in Kenton County agree to cooperate wholeheartedly in the enforcement of the law.

We agree that commercial organized gambling must cease throughout the county immediately.

The peace officers agree to work sincerely at this and the social action committee will seek the fullest possible cooperation on the part of the citizens and organizations of the county.

The social action committee of the Kenton County Protestant Association notes with pride that for 1949, Covington had the second best record of second-class cities in Kentucky for absence of major crimes.

It was agreed by all that with the elimination of organized gambling, Covington and Kenton County can well become an ideal community. And the social action committee commends the law-enforcement officers for this splendid record.

Those present and agreeing to the above statement were: James E. Quill, commonwealth attorney; Judge William E. Wehrman, Kenton County judge; Sheriff Henry A. Burndt, Kenton County sheriff; Chief Al Schild, Covington chief of police; Chief Carl Mershon, Kenton County police.

Those representing the Kenton County Protestant Association were: W. Sharon Florer, executive secretary; Rev. Jesse L. Murrell, chairman of the social action committee; Rev. Paul Wilbur, minister of Trinity Episcopal Church; Rev. Barton Johnson, minister of Madison Avenue Christian Church; Harry Perkins, principal of third district school.

The press: Bud Deters, of the Times-Star; Bob Rankin, of the Enquirer; Carl Sanders of the Post.

EXHIBIT No. 8

LIST OF SLOT-MACHINE TAXES WHICH APPEARED IN THE KENTUCKY TIMES-STAR,
SEPTEMBER 11, 1950

COVINGTON

Brunsmann, Clara, Southern Club, 1046 Madison	Brownfield, Ray, Fourth and Main Cafe, Fourth and Main Streets
Willmes, Harry T., 422 East Seventeenth Street	Powell, A. H. and Hegener, F. X., Silver Leaf Cafe, 4101 Decoursey
Spicker, Henry, Heintz Cafe, 429 Scott Street	Paddock Liquors, 734 Madison Carr, Edward and Robert, Carr Bros., 1916 Madison
Moddeman, Ervin, Moddeman's Cafe, 358 East Sixteenth Street	Moore, Philip, Phil's Cafe, 4 East Southern Avenue
Sterling, Edith and Jones, Marie, Latonia Bar, 237 West Southern Avenue	Jewell, W., Jewell's Sandwich Shop, 607 Main
Warman, James A., Shamrock Club, 12 East Fifth Street	Hellman, Roxie, Southern Gardens, 409 West Southern
Marshall, Sylvia, Marshall's Cafe, Forty-fifth and Huntington	Webber, Mrs. Elizabeth, 202 Scott Street
Schewe, George J., 407 West Ninth Street	Ginney, Thomas J., 1303 Highway
Grimm, Curly, Curly Grimm's Cafe, 1121 Madison	Connor, Leonard J., the Turf Club, 10 Southern Avenue
Fessler, Ray, Play House, 399 Altamont	Bauerries, Ray, Bauerries Cafe, 432 Bakewell
Patrick, Mrs. Ethel, Pat's Cafe, 217 East Twelfth Street	Cappel, Henry, and Jansen, Ben, Tiny's Tavern, 648 Bakewell
Smith, George L., 1600 Cafe, 1602 Madison	Marshall, Sam, Marshall's Cafe, 613 Main
Wagner, Gus, 100 Club, 139 Pike Street	Frazier, Arthur, Southland Bar, 809 Madison Avenue
Deters, Cliff and Borge, Nick, Nick and Cliff's Cafe, 3505 Decoursey	Weisenberger, John, the Clover Club, 1906 Madison
Hall, Mrs. Anna, 701 Philadelphia Street	Tully, Jack, 430 Cafe, 430 Scott
Mink, Roscoe, Club Zamba Wanga, 234 Pike Street	Nieman, Willard and Leo, Nieman Bros Cafe, 801 Main
Woods, Rance G., Main Street Bottle House, 704 Main Street	Bender, Fred, 619 Cafe, 619 Washington Street
Schmeing, Albert J. and Ben H., Club Kenton, 432 Scott	Sageser, Ray, Ray's Cafe, 11 East Fifth Street
Mitchell, Leslie, Silver Front Cafe, 1016 Greenup	Daly, Virgil and Oscar, Daly's Cafe, 1127 Russel Street
Arlinghaus, E. L., Southbound Bar, 417 Pike Street	Chapman, Virginia, Anchor Grill, 433 Pike
Wandstrat, H. T., Butch's Old Heidelberg Inn, 902-906 Madison	Boehmker, Henry, Heinie's Cafe, 713 Pike
American Legion Latonia Post 203, Thirty-sixth and Southern	Mullen, John L., 529 Club, 529 Madison Avenue

EXHIBIT No. 8—Continued

COVINGTON—continued

- Thiel, Joseph H., Green Lantern Cafe, 3938 Decoursey
 Steimle, Joseph, and Hampen, Nicholas, Corner Cafe, 1054 Madison
 Club Keeneland, Inc., 1053 Madison
 Henderson, W. D., Henderson's Delicatessen, 1601 Woodburn
 Vasilofh, Risto, Chili Bowl, 438 Madison Avenue
 Nienaber, Theresa, Lees Cafe, 1701 Garrard
 Boone, Worth, New Admiral, 301 Bakewell
 Birkett, Louise, Birkett's Cafe, 101 West Sixth Street
 Gellenbeck, Robert, Bob's Stag Bar, 1131 Scott Street
 Dressman, Frank H., Dressman's Cafe, 1132 Lee Street
 Schaller, Al, Schaller's Cafe, 601 West Ninth Street
 Orr, C. G. and Davis, C. C., Orr & Davis, 10 Pike Street
 Vest, Elmer, Market Cafe, 10-12 West Seventh Street
 Club 326, Inc., 326 Scott Street
 Grubbs, Wallace, Wallace's Cafe, 301 East Eleventh Street
 Moore, James W., Moore's Cafe, 1565 Holman Street
 Kramer, Louis H., Lou Kramer's Cafe, 3428 Decoursey
 Recker, Lloyd and Laurretta, Recker's Cafe, 1137 Garrard
 514 Club, Inc., 514 Madison Avenue
 BPO Elks, Covington Lodge 314, 34 West Fifth Street
 Brill, Manuel, B. & G. Bar and Grill, 213 West Nineteenth Street
 Elliott, Van, Van's Place, 1301 Holman Street
 Wright, Paul, and Gresshoff, Frank, Hoff & Paul's Cafe, 3614 Decoursey
 Plaggenburg, Robert, Patton Cafe, 1558 Eastern
 Schroder, Joseph and Hilda, Florwin, 1358 Scott Street
 Nielander Anthony, J., Nielander's Cafe, 2023 Garrard
 Smith, Arthur and Lucille, Dog House Cafe, 3927 Decoursey
 Drosses, Nicholas B., Madison Grill, 633 Madison Avenue
 Boles, Sandford R., and Koenig, Hilda, Sandy's Cafe, 1336 Highway
 St. John, Burton, 322 Greenup
 Hallan, Gladys, Ralph's Cafe, 531 Russell
 Gutman, Joseph, Hatchet Lake, Sixteenth and Monroe
 Barkhau, Ann, Hagner, 1253 Highway
 Fromme, Harry, Harry's Place, 302 West Twelfth Street
 Hiltz, Herman, Hiltz Cafe, 1101 Lee Street
 Warren, Daniel G., Dick's Place, 329 West Southern Avenue
 Collett, Charles and Robert, Collett Bros., 222 Pike Street
 Arinsmier, Edward, Ed & Bell, 4006 Winston Avenue
 Yost, Leo, Yost Post, 304 Pike Street
 Zembrodt, John M., Hillside Cafe, 925 Worth Street
 O'Rourke's Cafe, 228 West Third Street
 Deddens, John H., Deddens's Cafe, 408 Madison Avenue
 Robbins, Donald, and Vetter, Lawrence, Don's Cafe, 4209 Decoursey
 Vougarelis, Steve, and Kaiser, Lawrence, 202 West Fourth Street
 Hahn, Buster, Magnolia Hotel, 118 Pike Street
 Murray, K. P., and Bayless, James, Rainbow Club, 1021 Greenup
 Schwartz, Jack, Bridge Cafe, 407 Main Street
 Orr, Ernest, and Kees, Ben, Derby Cafe, 1918-20 Madison Avenue
 Nageleisen, Charles, Charlies' Cafe, 2101 Howell Street
 VFW, Post 1484, 1531 Madison Avenue
 FOB, 329, 16 East Eighth Street
 Wigglesworth, William and Evelyn, 145 West Twenty-first Street
 Weierich, William, W. W. Cafe, 1103 Pike Street
 Wilson, C. R., Palace Car Cafe, 831 Madison Avenue
 Reed, Edith May, Greenup Street Cafe, 144 East Tenth Street
 Stuntebeck, Herbert J., Stuntebeck Cafe, 534 Pike Street
 Gausepohl, Fred, Gausepohl's Cafe, 335 West Nineteenth Street
 Blank, Arthur and Al, Blank's Cafe, 266 Pike Street
 Evans, Charles, Charley's Cafe, 302 Main Street
 Schultz, William A., Golden Horseshoe, 1234 Madison
 Seliger, Theresa, New Avenue Cafe, 1432 Madison
 Naunhoff, Kime, Liberty Chili Parlor, 512 Madison
 McGough, T. R. and Gertrude, McGough's Cafe, 801 Bakewell
 Katsikas, Lee, Lee's Hamburgers, 10 East Fourth Street
 Victor, Hilda, Victor's Cafe, 701 Philadelphia Street
 Heile, Earl, Heile Cafe, 802 Crescent Avenue
 Rich, J. W. and Streif, M. F. and Wenz, E. V., Rich's Cafe, 1704 Garrard

EXHIBIT No. 8—Continued

COVINGTON—continued

- Bockweg, Joseph, and Ida, Bockweg's Cafe, 1221 Main Street
 Nienaber, Cliff, and Cleo, C. & C. Grill, 1115 Pike Street
 Johns, Allan, 30 East Seventh Street
 Sturdivant, P. T. and Marcella, Park's Cafe, 3711 Winston
 Steffen, Martin and Frieda, Steffen's Cafe, 2001 Howell, Covington
 Schilds, George W. Jr., George's Cafe, 33 East Fifth Street
 Pappas, William and Themelis, George, West Pike
 Leichman, Stephen and Virginia, Steve's Cafe, 4102 Decoursey
 Smiley, Eugene and Dorothy, Club Madison, 2553 Madison Avenue
 Kuhlman, Edward and Grace, 404 Club, 404 Pike Street
 Westling, William, Heidel's Hall, Twenty-first and Russell
 Carter, James and Elizabeth, 1232 Club, 1232 Russell
 Kloentrup, William, 4308 Decoursey
 Hegge, Raymond H., Ray Hegge's Cafe, 933 Main Street, Covington
 Haycock, Mayme, Huesman's Cafe, 3515 Decoursey
 Clark, Dorothy, East Side Cafe, 1201 Wheeler
 Fessler, Faye O., Fessler's Cafe, 4505 Decoursey
 Jobert, Reynold, Park Hills Tavern, 945 Montague, Covington
 Kilcher, Michael, Sportman Bar, 1015 Banklick
 Morris, Thomas N. and Finn, J. W., Pastime Club, 2007 Madison
 Vetter, Charles, Sr. and Jr., and Lawrence, Vetter's Cafe, 516 Pike Street
 Fisk, Luther and Riley, Joseph, Lou and Joe Cafe, 304 Linden Street
 Deters, Ed., Jr., Farmers Liquor Store, 39 Pike Street
 Schroeder, Edna, Walt's Cafe, 15 West Sixth Street
 Zahring, Joe, 3224 Decoursey
 Darpel, John A., Darpel's Restaurant, Forty-fifth and Huntington
 Innings, Ted and Massey, R. and J., Ted's Cafe, 614 Washington
 Richardson, William, Jerry's Cafe, 3439 Decoursey
 Mardis, Josephine, 701 Main Street
 Knights of Columbus Home Association, 1032 Madison
 Lamb, C. H. and Harold, Lamb's Cafe, 845 Banklick
 ABC Chili Parlor, 403 Scott Street
 Kersting, Robert, Kersting's Cafe, 525 West Thirteenth Street
 Ira Lodge 37, 222 East Robbins Street
 Seligman, William G., Depot Cafe, 143 Pike Street
 Treller, Walter, Walt's Cafe, 400 East Thirteenth Street
 Haberbush, John, Derby Cafe, 3722 Winston Avenue
 Sheehan, Gus, West Covington Cafe, 1120 John Street
 American Legion Home, Norman Barnes Post, 115 East Fourth Street
 Kohler, Eleanor Mae, Press Club, 709 Scott Street
 Harper, James, 31 East Pike Street
 Burns, Sam, Sam Burns Club House, 639 Russell Street
 McNeil, Gordon, Shady Shores, Forty-seventh and L. & N. R. R.
 Faulkenburg, Walter, Fifth & Johnson Cafe, 501 Johnson Street
 Keiser, Earnest C. and Margaret, Keiser's Tavern, 100 Pike Street
 Kramer, Clara, Kramer's Cafe, 254 Pike
 Rauf, George C., Rauf's Cafe, 424 West Sixth Street
 Flannery, Helen F., Butche's Cafe, Fourth and Scott Streets
 Betz, Juliet, Betz Cafe, 391 Altamount

DAYTON

- Reekers, Harold and Quentin, Reekers Package Beer, 507 Berry Street
 Gelvin, Lorena, Silver Bar Cafe, 508 Sixth Avenue
 Faassy, Phyllis, Dayton Pony Station, 634 Fourth Avenue
 Guerrea, Frank G., Midge Guerrea Tavern, 1032 Kenton
 Ritter, Al, Al's Cafe, 901 Walnut
 Dupont, Theodore A., Starlite Bar, 1310 Third Avenue
 Bierman, John, Pennant Cafe, 1129 Fifth Avenue
 Million, Robert, Million's Cafe, 804 Sixth Avenue
 Kroth, Paul, Mecca Cafe, 528 Sixth Avenue
 Harrison, George, Dayton Boat Club, 98 Berry Avenue
 Roberts, Frank, Roberts' Cafe, Seventh and Berry
 Fenker, George, Mike's Cafe, 101 Sixth Avenue
 Beckner, L. S., Kenton Cafe, 1101 Third Avenue
 Hartman, Charles, Dayton Grille, 616 Sixth Avenue
 Christofield, Peter, Eagle Chili Parlor, 624 Sixth Avenue
 Alerding, Frank C., Alerding's Cafe, 1231 Fourth Avenue
 Klein, Michael, M. & K. Cafe, Sixth and Walnut
 DBA Silver Bar Cafe, 508 Sixth Avenue

EXHIBIT No. 8—Continued

BELLEVUE

Bruns, Frank P., Loyal Cafe, 402 Center

LUDLOW

Williams, Paul, Question Mark Cafe, 815 Oak Street	MacDonald, Ora D. and Harry P., Mac- Donald's Recreation Hall, 237 Elm
Mescall, J., Jim's Place, 4 Highway	Katsikas, Gus, Lagoon Inn, 869 West Oak
Chalfant, Mary, 216 West Street	Bodkin, Walter B., Rock Bar Cafe, 308 Elm
American Legion Post, Edgar B. Ritchie No. 25, 856 West Elm Street	Parsons, Ernest, 201 Elm
Allingham, John, Allingham's Cafe, 207 Adelia.	Dillhunt, C. J., Old Elm Supper Club, 235 Elm Street
Turner, Flora, Main Cafe, 131 Elm	Burke, Frank and Henry, Burke's Cafe, 241 Elm
Retschulte, Carl, White Oak Cafe, 740 West Oak	Bradley, T. J. and C. O., 302 Linden
Seta, Carmen, Ludlow Chili Parlor, 306 Elm	Chabert, L. E., Chabert's Cafe, 201 Elm Street
Schulker, Charles, 335 Elm	

ERLANGER

Holloran, James A., Town House Cafe, 53 Dixie Highway	Price, Elmer, Retschulte Inn, Dixie Highway and Hudson Avenue
Arcaro, Pasquale, Arcaro's Restaurant, 110 Dixie Highway	Stephens, Fred, Dixie Club Cafe, 28 Dixie Highway
Korakas, James, Kenton Terrace, 903 Dixie Highway	Berling, William, and Fried, Leo J., Greyhound Grill, 2500 Dixie Highway
Howell, Earl and Jack, Duke Tavern, 215 Dixie Highway	Fletcher, Leah M., Cabana, 3126 Dixie Highway
Nordamn, Edward, Route 4, Anderson and Scott Roads	Napier, Nick, Bunnie B. Garden, 503 Dixie Highway
Ramler, Ann, Ann's Place, Route 4	Angur, Frances, Angur's Cafe, Route 4
Balatcher, Gus and Betty, Southern Grill, 409 Dixie Highway	Ginn, Mary, Dixie Dew Hotel and Res- taurant, 233 Dixie Highway

ELSMERE

Nuxoll, Harry Jr., 25 and 42, 535 Dixie Highway	Gardner, Thomas E., Tom's Cafe, 133 Garvey Avenue
The Swan, Inc., S15 Dixie Highway	Edwards, S. D., Doc's Place, Dixie High- way and Park Avenue
Rector, Dallas and Billie, Rector's Manor, 915 Dixie Highway	

NEWPORT

James Wallace Costigan, Inc., Ameri- can Legion, 22 East Sixth Street	Derrick, Rose, Blue Grass Diner, 2128 Alexandria Pike
Morris, Robert W. and Nellie, 721 Isa- bella Street	Wald, Thomas A., Oasis, 2108 Alexan- dria Pike

BROMLEY

Herman, Lillian, Lil's Place, 324 Pike Street	Jennings, Dorothy Traylor, Harry Tray- lor's Cafe, 1 Shelby Street
Goderwis, Florence, Engles Cafe, Pike and Main Streets	

SOUTH FORT MITCHELL

Schierberg, John J., Saddle Club, 2467 Dixie Highway

EXHIBIT No. 8—Continued

KENTON COUNTY

- Marshall, William Jr., Marshall's Tavern, 1450 Dixie Highway
 Sandman, A. J. and Cecilia, New Casino, Decoursey Pike
 Bearden, Mrs. W. L., Bearden's Place, Route 5, Covington
 Kennett, Nannie B., Log Cabin Inn, Box 260-A, Route 2, Ludlow
 Townes, James E., the Farm, Three-L Highway
 Fisher, Edward, Villa Fiesta, Taylor Mill Pike
 Hansel, Mary, Stoneway Tavern, Route 5, Covington
 Seitz, Richard H., La Vista Inn, Route 2, Ludlow
 Menyes, Marie, Moonlight Tavern, Box 267, Route 4, Erlanger
 Menninger, Frank, the Tavern, 1733 Dixie Highway
 Foley, M., Shademoore Garden, Route 4, Erlanger
 Kohlmeyer, Emme, Resident Tavern, Lower River Road
 Epperson, F. T., Floyd's Seven Oaks Taylor Mill Pike
 Windholtz, Aloysius G., Pleasure Isle, Madison Pike
 Weigands, John S., Sunny Point Inn., Route 5, Covington
 Reimer, Charles, Kenton Lakes, Kenton Station
 Miller, William and Elizabeth, Betty and Red's Tavern, Route 2, Ludlow
 Gosney, Taylor, Taylor Gosney's Tavern, Route 5, Covington
 Woeste, Henry B., Log Cabin, Route 3, Covington
 Miller, Ted, Rio Rita by the Lake, Madison Pike
 Lafontaine, Robert, Green Gables Restaurant, 2124 Dixie Highway
 Kendall, Cleve and Emma, Kendall's Tavern, Route 2, Ludlow
 Leistner, Otilia, Sis's Cafe, Route 5, Covington
 Schilling, John F., Schilling's Cafe, 326 River Road
 Noel, Robert, Chez Patee, Madison Pike at Kyles Lane
 Stroer, Mary, Taylor Mill Inn, Taylor Mill Pike
 Holbrook, Roy, Blue Bonnett Tavern, 1032 Banklick Road
 Summit Hills Golf Club, County Club, Dudley Pike
 Casullo, Margaret, Nick's Grove, Route 3, Covington
 Dugger, Chester K and Young, L. K., Hillcrest Tavern, 1750 Dixie Highway
 Pope, Grover, Route 1, Covington
 Fairview Inn, River Road, Ludlow
 Captiola, Dean, Silver Bell Fishington Lake, Taylor Mill Pike
 Nageleisen, Alfred, Latonia Springs Cafe, Route 1, Covington
 Lookout Club, Dixie Highway
 Oelsner, Charles, Oelsner's Colonial Tavern, 1740 Dixie Highway
 Castleman, Ben, White Horse Tavern, 1501 Dixie Highway
 McIntyre, Henrietta, Rayett's Bronze Tavern, 333 River Road
 Kautz, Jenny, Jenny and Elmer's Tavern, Route 2, Ludlow
 Boylson, R. B., Old Mill, Dixie Highway and St. James Avenue
 Hahn, Johanna, Hahl Hotel, 1424 Dixie Highway
 Thamann, Anthony J., Thamann's Food Shop, 1802 Dixie Highway
 Wooten, Carl and Caldwell, Glenn, Town and County, 1622 Dixie Highway
 Foltz, Katherine, Foltz Cafe, 1945 Dixie Highway
 Ballinger, Walter and Mary, Walt's Hitching Post, Madison Pike at Kyles Lane
 Bingham, Otto, Lazy Acres, Dixie Highway
 Harvie, A. D., Harvie's Tavern, Route 1
 Belcher, Williard R., Woodland Inn
 Kenney, Laurel, Kenney's Tavern, Route 1
 Hempel, John, Maple Tree Tavern, Route 1
 Rankin, Gordon, Loral and Betty, Kanebrak, 1907 Dixie Highway
 Alexander, Russell, Lefty and Nan's Cafe, 334 Pike Street, Bromley
 Price, Herman, Spot Cafe, Route 5, Covington
 Calloway, Clyde, Clyde's Riverview Tavern, Route 2, Ludlow
 Menkhaus, Leonard and Pearl, Route 3, Latonia Lakes
 Rennekamp, E. J., Rennekamp Tavern, Route 3, Covington
 Mason, John H., Margie's Place, Madison Pike
 Sansere, Gus and Helen, Sansere's Restaurant, 1504 Dixie Highway
 Jackson, Alex, Jackson's Place, Route 1, Morning View
 Downard, Lawrence, Downard Cafe, Route 5, Visalia
 Miketta, Nelson, Sunnyside Riding Club, Sleepy Hollow Road, Fort Perry
 Harmon, A. J., Blue Rock Gardens, Amsterdam and Crescent Springs Road
 Frazier, Estill and Ethel, Frazier's Friendly Tavern, Independence

EXHIBIT No. 8—Continued

KENTON COUNTY—continued

Ester, Robert and Pearl, Last Chance, Route 1, Morning View	Criglet, Nicholas and Collett, Ann E., Crescent Club, Swan Road, Crescent Springs
Schreck, E. C., Blue Grass Gun Club, Route 1, Morning View	Wilson, Charles W., Chocky's Cafe, Main Street, Independence
Hellman, Roxie, Roxie's Supper Club, Madison Pike	Brady, Virginia K., The Chicken Roost, Route 1, Independence
Gerbron, Gladys and Clarence, Gerbron's Tavern, Route 1, Morning View	Marksberry, Harry, The Barn, Route 1, Independence
White Villa County Club, Morning View	

CAMPBELL COUNTY

Reynolds, W. H., Moreland's Inn, Star Route, Licking Pike	Rebholz, Urban and June, John's Place, Route 1, Alexandria
Scheutz, Bernice B., Scheutz Cafe, Star Route, Newport	Pelle, William, Little Bill's Cafe, Four Mile River Road, Silver Grove
Heringer, Charles J., Wilder's Inn, 58 Licking Pike	Torline, H. K., Torline's Cafe, Route 1, Alexandria
Steffen, Robert, Beacon Inn, Five Mile, Licking Pike	Koeninger, Pete, Pete's Place, Melbourne
Burkhardt, Al, 128 Licking Pike	Wigglesworth, Charles A., Melbourne Tavern, Melbourne
Miller, Edward, Miller's Inn, River Road, Brent	Grover, Clifford and Jeanette, Renshaw Road and Alexandria Pike, Cold Spring
Meyer, Albert E., Al's Cottage, 2401 Alexandria Pike, Southgate	Dutle, Sylvester, Dutle Inn, River Road, Silver Grove
Foltz, Albert M., Jack's Shack, 603 Alexandria Pike, Southgate	Stein, Harry W., Maple Lawn, 1 West Main Street, Alexandria
Derrick, Rose, Bluegrass Diner, 2128 Alexandria Pike	Milburn, William W., Twelve Mile Inn, Route 2, Alexandria
Pelle, Arthur and Rachford, Walter, Midway Cafe, Melbourne	Braun, Anthony and Lillian, Braun's Crossroad Tavern, U S 27 and Lickert Road, Alexandria
Cozatchy, Stephen, Four Mile Inn, Route 1, Melbourne	Barnes, Coy and Vera, Riverdale Hotel, Melbourne
Braun, Frank, Clermont, Alexandria Pike, Cold Spring	Kuneh, John J., Valley Gem Tavern, Melbourne
Kees, Helen DeMoss, Young's Tavern, Route 2, Cold Spring	Nagel, Chester, Nagel's Cafe, Route 1, Alexandria
Schmitz, Edward T., Bide-a-Wee Inn, Alexandria Pike, Highland Heights	Stickling, E. W., Stickling's, 20 River Road, Silver Grove
Haley, K. B., Haley's Place, 21 River Road, Silver Grove	Melbourne Country Club, Bregel's Grove, Melbourne
Wubker, Frank, Plantation Nite Club, U S 27, Cold Spring	Morscher, Edward, River Road, Silver Grove
Gubser, Joseph, Route 2, California	
Wells, Oscar and Lucille, Wells Tavern, River Road, Ross-Melbourne	

CRITTENDEN

Tungate, Esther Mae, Mary Lou Tavern, Route 1	Ryan, Richard and George W., doing business as Shamrock Inn, Route 1, Bracht Station, Crittenden
Kennedy, Joe and Zola, Gay 90's, Route 1, Crittenden	

COLD SPRING

Schweitzer, N. A., Sunset Inn, Alexandria Pike	Colton, Jack and Bertha, Alexandria Pike, Cold Spring
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FALMOUTH

Moore, Virgelene R., Nite Owl Diner, U S 27, Falmouth	Fisher, J. A., Fisher's Tourist Camp, Falmouth
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CARROLLTON

Heuser, William, Lincoln Road

GHENT

Buren, Nellie Best, Oasis, U S 42

CYNTHIANA

Moore, Herman, Moore's Service Station, Route 6

EXHIBIT No. 11

CITY OF NEWPORT, KY.,
DEPARTMENT OF POLICE,
February 15, 1950.

At 4 p. m. February 14, 1950, I visited Manager Rhoads' office in company with Detective Chief Donnelly and Detectives Hawthorne and Fredericks. The purpose of the visit was to ascertain from the city manager what he desired to do in regard to the Merchants Club, 15 East Fourth Street, city, and the Yorkshire Club, 518 York Street, city, in regard to gambling, which information I received from William Hagedorn, Kentucky Post reporter, that the places were in operation. Upon receiving this information, I detailed the detectives to make an investigation of this complaint.

I informed Manager Rhoads that Detective Chief Donnelly and Detective Hawthorne and Fredericks informed me that at their visit to the herein-mentioned clubs, they found the doors leading to the back rooms were locked, and upon seeking permission to enter the back rooms this was refused, and they were informed that in order to gain entrance it would be necessary for them to secure a search warrant.

Manager Rhoads informed me that he was not interested in the Merchants Club, 15 East Fourth Street, or the Yorkshire, 518 York Street, the only places he was interested in were those owned and operated by Arthur Dennert, which are the Flamingo Club, 633 York Street, Glenn Rondevous, 928 Monmouth Street, and the Club Alexandria, 2124 Monmouth Street, city, because Dennert was the only operator who filed suit in the quarterly court concerning his assessments of personal property. Detective Chief Donnelly asked the manager, "You mean to tell us you do not want these other places stopped?" and the manager answered, "No." Detective Donnelly asked this question two or three times, and places outside of the Dennert clubs."

GEORGE GUGEL, *Chief of Police, Newport, Ky.*
DAVID DONNELLY, *Chief Detective.*
RAY HAWTHORNE, *Detective.*
L. FREDERICKS, *Detective.*

EXHIBIT No. 12

Name and address	Total amount	Paid first installment	Balance	License No.	Occupation
Silverstein, H., 604 Monmouth	\$500.00	\$250.00	\$250.00	1465	Brokerage.
Dramer, Louis, Northwest 6th and Columbia	250.00	(1)		1468	Do.
Dierckes, Hattie, Northwest 9th and Monmouth	250.00	125.00	125.00	1470	Do.
Algie, Irwin, 626 Monmouth	250.00	125.00	125.00	1473	Do.
Algie, Irwin, 802 Central	250.00	125.00	125.00	1474	Do.
Klein, Louis, 10 East 6th	250.00	125.00	125.00	1476	Do.
Yorkshire Bar, Inc., 518 York St.	8,090.40	2,696.80	5,393.60	NC 11	Employees.
Fahcy, John, Northeast 12th and Brighton	250.00	125.00	125.00	1482	Brokerage.
Pompilio, Johanna, 600 Washington	250.00	(1)		1491	Do.
Roy's Cafe, Northeast 11th and York	250.00	(1)		1495	Do.
Sauter, R., Northeast 8th and Saratoga	250.00	125.00	125.00	1500	Do.
Faith, A., 323 York	250.00	125.00	125.00	1502	Do.
Ahlbrand, Clyde, Southwest 3d and Central	500.00	(1)		1506	Employees.
Silbert, S., Southwest 6th and Saratoga	250.00	(1)		1508	Brokerage.
Fogel, R., 24 West 5th	250.00	125.00	125.00	1510	Do.
Fogel, R., Southeast James Alley and Monmouth.	250.00	125.00	125.00	1511	Do.
Fogel, R., Northwest James Alley and Monmouth.	250.00	125.00	125.00	1512	Do.
Creutz, Edward, 1007 Monmouth	250.00	125.00	125.00	1514	Do.
Greenberg, David, 131 East 8th	500.00	250.00	250.00	1523	Do.
Abel, W., 924 Monmouth	250.00	(1)		1526	Do.
Andrews, Frank, 330 Central	500.00	(1)		1527	Do.
Alberts, J., Southwest 10th and York	250.00	125.00	125.00	1536	Do.
Glenn Rendezvous, 928 Monmouth	2,644.20	881.40	1,762.80	NC 17	Night club.
Club Flamingo, 633 York	5,372.04	1,790.68	3,581.36	NC 18	Do.
Merehants—J. Cazzaro, 15 East 4th	7,368.78	2,456.26	4,912.52	NC 21	Do.
Schoepf, William, Southeast 10th and Saratoga	250.00	125.00	125.00	1571	Brokerage.
Harris, Henry, 835 Monmouth	250.00	125.00	125.00	1572	Do.
Harris, Henry, 130 East 9th	250.00	125.00	125.00	1573	Do.
Sander, J., Southwest 6th and Monmouth	250.00	125.00	125.00	1574	Do.
Hymes, J., 633 York St.	250.00	125.00	125.00	1583	Do.
Hymes, J., 9 James Alley	250.00	125.00	125.00	1583	Do.
Hymes, J., 14 East 10th	250.00	125.00	125.00	1584	Do.
Hymes, J., Southwest Elm and Patterson	250.00	125.00	125.00	1586	Do.
Hymes, J., 610 York	250.00	125.00	125.00	1587	Do.
Ryan, M., 518 York St.	500.00	250.00	250.00	1600	Do.
Halpin, M., 635 York St.	500.00	250.00	250.00	1601	Do.
Lassoff, B., Finance Bldg.	500.00	250.00	250.00	1602	Do.
Lassoff, B., Northeast 11th and Monmouth	500.00	250.00	250.00	1603	Do.
Saurbrey, Spencer, Southwest 3d and York	250.00	(1)		1191	Do.
Colleta, D., Southwest 6th and Monmouth	250.00	(1)		1229	Do.
Tutt & Martin, Southwest 5th and Washington	250.00	(1)		1233	Do.
Reinders, William, 725 Monmouth	250.00	(1)		1245	Do.
Garrett, Robert B., Northwest 9th and York	250.00	125.00	125.00	1260	Do.
Huck's Cafe, 317 East 8th	250.00	(1)		1264	Do.
Pope, Ray, 904 York	250.00	(1)		1270	Do.
H. & C. Co., 204 West 11th	500.00	(1)		1279	Do.
Lackey, Kenneth, 1041 Monmouth	250.00	(1)		1283	Do.
Hieber, John H., Northeast 11th and Central	250.00	(1)		1293	Do.
Fenbers & Bertelsman, 341 East 10th	250.00	(1)		1296	Do.
Salem, J., 610 Monmouth	250.00	(1)		1304	Do.
Kinsella, John H., Southeast 11th and Brighton	250.00	(1)		1310	Do.
Kettenacker, Mark, 201 East 3d	250.00	(1)		1322	Do.
Peters, Clarence, Northeast 7th and Robert	500.00	(1)		1325	Do.
Friseholz, Earl, 639 York St.	250.00	(1)		1332	Do.
Dores, Fred, 746 Central	250.00	(1)		1338	Do.
Waller, T., 202 East 7th	250.00	(1)		1350	Do.
Finley, Thomas, Northeast 7th and Columbia	250.00	(1)		1356	Do.
Morris, Robert and Nellie, 721 Isabella	250.00	125.00	125.00	1359	Do.
Peters, Frank A., Northwest 8th and Washington	250.00	125.00	125.00	1371	Do.
Grefer, Jacob, 317 East 6th	250.00	(1)		1381	Do.
Kentucky State Liquor, Inc., 501 Patterson	250.00	(1)		1387	Do.
Citron, Oscar, 310 Central	250.00	(1)		1389	Do.
Kalb, Mike, 115 East 9th	250.00	(1)		1398	Do.
Raaker & Zakein, Northeast 5th and York	250.00	(1)		1413	Do.
Club Alexandria, 2124 Alexandria Pike	572.76	500.00	72.76	NC 22	Night club.
Guerrea, Tony, 610 Monmouth	250.00	(1)		1417	Brokerage.
Katiff, Henry, Southwest 8th and Washington	250.00	125.00	125.00	1419	Do.
Kittel, H. B., Northwest 9th and Monmouth	250.00	(1)		1420	Do.
Ferris, Frank, 914 Saratoga	250.00	(1)		1423	Do.
Weigand, John M., 301-305 Monmouth	250.00	(1)		1424	Do.
Chalk, Carl, Northwest 10th and Monmouth	250.00	(1)		1436	Do.
Hohmaister, Henry, Southeast 7th and Saratoga	250.00	125.00	125.00	1447	Do.
Faith, A., Northeast 5th and Saratoga	250.00	125.00	125.00	1447	Do.
Chalk, Ray, Northwest 8th and Columbia	250.00	(1)		1463	Do.
Bohn, Sam & Co., 313 York	500.00	250.00	250.00	1464	Do.

¹ Paid in full.

EXHIBIT No. 12—Continued

Name and address	Total amount	Paid first installment	Balance	License No.	Occupation
Spalding, Charles B., 336 West 9th.....	\$250.00	\$125.00	\$125.00	1605	Brokerage.
Blenke, John A., 638 Monmouth.....	250.00	125.00	125.00	1645	Do.
Blenke, John A., 534 Columbia.....	250.00	125.00	125.00	1646	Do.
Ahlbrand, John, Jr., Southwest 7th and Saratoga	250.00	125.00	125.00	1656	Do.
Wade, Clarence, Northeast 11th and Saratoga.....	250.00	125.00	125.00	1664	Do.
Spalter, I., Southwest 6th and Monmouth.....	250.00	125.00	125.00	1666	Do.
Fogel, H., Finance Bldg.....	500.00	250.00	250.00	1670	Do.
Thomer, John, Northwest 9th and Central.....	250.00	125.00	125.00	1672	Do.
Polinsky, Saul, 20 West 4th.....	500.00	250.00	250.00	1687	Do.
Morgan, L., Southwest 8th and Monmouth.....	500.00	(¹)	-----	1688	Do.
Sharbell, Albert, 627 York.....	250.00	125.00	125.00	1729	Do.
Roll, Wilbert, Northeast Elm and Patterson.....	250.00	(¹)	-----	1746	Do.
Dogpatch—Maggard, 2d and York.....	2,061.81	1,600.00	461.81	NC 23	Night club.
Total.....	50,109.99	-----	-----	-----	-----

¹ Paid in full.

This is to certify that the above is a true and accurate copy taken from the records of License Department and represents the status of the named accounts when this report was compiled.

A. L. WALD,
City Auditor, City of Newport, Ky.

PERTINENT KENTUCKY STATUTES COVERING OATHS OF OFFICE, DUTIES OF PEACE OFFICERS AND GAMBLING GENERALITIES

Section 228: Oath of officers and attorneys

Members of the General Assembly and all officers, before they enter upon the execution of the duties of their respective offices, and all members of the bar, before they enter upon the practice of their profession, shall take the following oath or affirmation: I do solemnly swear (or affirm, as the case may be) that I will support the Constitution of the United States and the Constitution of this Commonwealth, and be faithful and true to the Commonwealth of Kentucky so long as I continue a citizen thereof, and that I will faithfully execute, to the best of my ability, the office of * * * according to law; and I do further solemnly swear (or affirm) that since the adoption of the present Constitution, I, being a citizen of this State, have not fought a duel with deadly weapons within this State, nor out of it, nor have I sent or accepted a challenge to fight a duel with deadly weapons, nor have I acted as second in carrying a challenge, nor aided or assisted any person thus offending, so help me God.

23.170 (972): Oath of circuit judge

Every regular circuit judge and every special judge, before entering on the discharge of his duties, shall, in addition to the oath prescribed by the Constitution, take an oath as follows:

"I, A. B., do solemnly swear (or affirm) that I will administer justice without respect to persons, and do equal right to the poor and to the rich, and that I will faithfully and impartially discharge all the duties incumbent upon me as judge, according to the best of my abilities."

62.010 (3753; 3755): Oath of office; when to be taken

(1) No officer shall enter upon the duties of his office until he takes the oath required of him by law.

(2) Each person elected to an office shall take the oath of office on or before the day the term of office to which he has been elected begins.

(3) Each person appointed to an office shall take the oath of office within thirty days after he receives notice of his appointment.

70.010 (4555): Special oath of sheriff

In addition to the oath prescribed in the Constitution, every sheriff shall take the following oath in the county court of his county: "I, A. B., do swear that I will do right, as well to the poor as to the rich, in all things belonging to my

office as sheriff; that I will do no wrong to any one for any gift, reward or promise, nor for favor or hatred, and in all things I will faithfully and impartially execute the duties of my office according to the best of my skill and judgment, so help me God."

70.040 (4558; 4561): Deputy's acts and omissions; liability for

The sheriff shall be liable for the acts or omissions of his deputies. When a deputy sheriff omits to act or acts in such a way as to render his principal responsible, and the latter discharges such responsibility, the deputy shall be liable to the principal for all damages and costs which are caused by the deputy's act or omission.

70.160 (3786-3): Sheriff to visit and inspect dance halls and roadhouses

The sheriff or his deputies shall at least once each month visit and inspect each public place in his county where music is furnished or permitted, or where public dancing is conducted or permitted, and also all camps, restaurants, roadhouses, or any place where intoxicating liquors are sold or furnished or permitted to be sold or furnished to the public, or where men and women are furnished rooms for lodging either in the day or the night. The sheriff shall report in writing to the county attorney his conclusions, together with the name and address of any witness who claims knowledge of any violation of law at such places or of any disturbance occurring at such places. He shall also file with the circuit court clerk of his county a duplicate of each report, which shall be delivered to the grand jury next to be convened in the county.

231.130 (1599f-13): Peace officers to visit

The sheriff, deputy sheriff and county patrolmen of each county shall visit places of entertainment regularly. Upon their observing any violation of this chapter, by the owner or manager, they shall make arrests without warrants for violations committed within their presence.

372.010 (1955): Gambling transactions void

Every contract, conveyance, transfer or assurance for the consideration, in whole or in part, of money, property or other thing won, lost or bet in any game, sport, pastime or wager, or for the consideration of money, property or other thing lent or advanced for the purpose of gaming, or lent or advanced at the time of any betting, gaming, or wagering to a person then actually engaged in betting, gaming, or wagering, is void.

372.020 (1956): Recovery of gambling losses from winner or his transferee

If any person loses to another at one time, or within twenty-four hours, five dollars or more, or anything of that value, and pays, transfers or delivers it, the loser or any of his creditors may recover it, or its value, from the winner, or any transferee of the winner, having notice of the consideration, by action brought within five years after the payment, transfer or delivery. Recovery may be had against the winner, although the payment, transfer or delivery was made to the endorsee, assignee or transferee of the winner. If the conveyance or transfer was of real estate, or the right thereto, in violation of KRS 372.010, the heirs of the loser may recover it back by action brought within two years after his death, unless it has passed to a purchaser in good faith for valuable consideration without notice.

372.030 (1957): Equitable relief against winner; no penalty or forfeiture

Any person entitled to recovery under KRS 372.020 may have discovery and relief in equity; but when such relief is obtained, the winner shall be discharged from all penalty and forfeiture for having won the money or other thing which, or the value of which, is so recovered back.

372.040 (1958): Suit by third person where loser or creditor does not sue

If the loser or his creditor does not within six months after its payment or delivery to the winner, sue for the money or thing lost, and prosecute the suit to recovery with due diligence, any other person may sue the winner, and recover treble the value of the money or thing lost, if suit is brought within five years from the delivery or payment.

372.050 (1959): Return of money or property held by stakeholder

The stakeholder of any money or other thing staked on any bet or wager shall, when notified to do so, return the stake to the person who deposited it. If he fails to do so, the person aggrieved may recover from him the amount or value of the stake.

372.060 (209): Champertous contracts and conveyances void

Any contract, agreement, or conveyance made in consideration of services to be rendered in the prosecution or defense, or aiding in the prosecution or defense, in or out of court, of any suit, by any person not a party on record in the suit, whereby the thing sued for or in controversy or any part thereof, is to be taken, paid, or received for such services or assistance, is void.

436.200 (1977): Gambling in general

Any person who engages in any hazard or game on which money or property is bet, won, or lost, in any case in which no other penalty is prescribed, shall be fined not less than twenty dollars nor more than one hundred dollars.

436.210 (1971): Common gambler

Any person who is without any lawful occupation, but supports himself for the most part by gambling, shall be indicted as a common gambler and fined not less than fifty dollars nor more than two hundred dollars, or imprisoned for not more than six months, or both. He shall also give surety for his good behavior in the sum of five hundred dollars for one year, or be imprisoned for not more than one year or until he gives such surety. If, after giving surety, he bets any money or thing of value during the year at any game, he shall be deemed to have broken his recognizance.

436.220 (1970): Gambler may be required to give surety for good behavior

Two justices of the peace, a county judge or a police judge may cause any person charged with having no visible estate or lawful occupation but supporting himself for the most part by gambling, to be brought before them, and if the charge appears to be well-founded, may require him to give surety for his good behavior in the sum of one hundred dollars for one year or commit him to prison until he gives it. If, after the person gives the surety, he plays for or bets any money or thing of value during the year at any game, he shall be deemed to have broken his recognizance.

436.230 (1960; 1961): Operating gambling machine, game or contrivance; pools at race tracks exempted

(1) Any person who, with or without compensation, sets up, keeps, manages, operates, or conducts or assists in setting up, keeping, managing, operating, or conducting a keno bank, faro bank or other machine or contrivance used in betting whereby money or anything of value may be won or lost, or any person who, for compensation, percentage or commission, sets up, keeps, manages, operates, or conducts a game of cards, oontz, or craps, whereby money or anything of value may be won or lost, or with or without compensation, percentage or commission, assists in setting up, carrying on, managing, operating, or conducting any game so set up, carried on, managed, operated, or conducted for compensation, percentage, or commission, shall be fined five hundred dollars, and confined in the penitentiary for not less than one nor more than three years. In addition, he shall be deemed infamous after conviction, and be forever disqualified from exercising the right of suffrage and from holding any state, county, or city office of honor, trust or profit. The judgment of conviction shall recite such infamy and disqualification, and shall not be valid without the recital.

(2) Subsection (1) of this section shall not apply to persons who play at such games, machines, or contrivances, unless they aid or take other part in setting up, conducting, keeping, managing, or operating them.

(3) The change of the name of any of the games, banks, tables, machines, or contrivances prohibited by subsection (1) of this section shall not prevent the conviction of any person violating the provisions of that subsection.

(4) Subsection (1) of this section shall not apply to persons who sell combination or French pools on any regular race track during the races on that track. An indictment for a violation of the provisions of subsection (1) of this section may charge the accused in one count with any or all of the offenses mentioned or included in that subsection.

436.240 (1967): Permitting operation of gambling device on premises

(1) Any person who permits any game, table, bank, machine, or contrivance prohibited by KRS 436.220, to be set up, conducted, kept, or exhibited in any house, boat, or float, or on any premises in his occupation or under his control, or leases such a place or any part of it for that purpose, shall be fined not less than two hundred and fifty dollars nor more than five hundred dollars.

(2) After proof of the setting up, conducting, keeping, or exhibiting of such game, machine, or contrivance in such a house, boat, float, or place, it shall be presumed to have been with the permission of the person occupying or controlling the place, unless the contrary is clearly proved.

§36.250 (1978): Permitting gambling on premises

Any person who permits any game at which money or anything of value is won or lost to be played in a house, boat, or float or on premises in his occupation or under his control, under circumstances not constituting a violation of the provisions of KRS 436.230, 436.240, or 436.310, shall be fined not less than two hundred dollars nor more than five hundred dollars.

§36.260 (1969): Persuading another to visit gambling place; liability to him and his creditors

Any person who invites, persuades or otherwise induces another to visit any place where any gambling prohibited by KRS 436.230 is carried on shall be fined not less than fifty dollars nor more than five hundred dollars, and shall be responsible to the other and his creditors for whatever he may lose in gambling at that place.

§36.280 (1968): Playing at gambling device

Any person who engages in or plays at any game, table, bank, machine or contrivance set up, managed, operated, kept or conducted in violation of any of the provisions of KRS 436.230 shall be fined not less than fifty dollars nor more than one hundred dollars.

§36.280 (1962): Gambling implements to be seized and destroyed

Any bank, table, contrivance, machine or article used for carrying on a game prohibited by KRS 436.230, together with all money or other things staked or exhibited to allure persons to wager, may be seized by any justice of the peace, sheriff, constable or police officer of a city, with or without a warrant, and upon conviction of the person setting up or keeping the machine or contrivance, the money or other articles shall be forfeited for the use of the state, and the machine or contrivance and other articles shall be burned or destroyed. Though no person is convicted as the setterup or keeper of the machine or contrivance, yet, if a jury, in summary proceedings, find that the money, machine or contrivance or other articles were used or intended to be used for the purpose of gambling, they shall be condemned and forfeited.

§36.290 (1974): Search for gambling tables

A judge or justice of the peace may, by warrant, cause any building to be searched, by night or by day, for the detection of gambling tables. If admission to the building is not given on demand, the person in charge of the warrant shall force an entrance and seize the table, all implements used with the table, and all money and other things staked or exhibited on the table, and arrest the keeper of the table.

§36.340 (1980): Limitation of actions under KRS 436.200 to 436.330

Any prosecution or other action arising under KRS 436.200 to 436.330 shall be commenced within five years after the commission of the offense or the cause of action arose.

§36.350 (1963, 1964): Peace officer to arrest person operating gambling machine, game or contrivances

Any peace officer, having knowledge or information of the commission of the offense of setting up or carrying on a keno bank, faro bank, game of cards or other gambling machine or contrivance whereby money or anything of value may be won or lost as prohibited by KRS 436.230, or who has knowledge of any person aiding or abetting in the offense, who fails to arrest or cause to be arrested immediately the person offending, and take him before the proper court, shall be fined not less than one thousand dollars and imprisoned for not less than six nor more than twelve months, and shall forfeit his office.

§36.440 (3914b-3): Keeping or leasing premises where bets are placed on races or other contests

(1) Any person who provides, manages, maintains or keeps any room, building, float, vessel or premises, or aids and abets others in so doing, in which persons assemble to wager money or anything of value on the result of any horse race or other contest of man or beast to be decided in or out of the state or advertised

or reported as having been or to be run, or in which any money is wagered or received and deposited to be transmitted elsewhere to another to wager, or in which any money or other thing of value is received or paid for any ticket, lot, pool or chance on the result of such a race or contest held or to be held in or out of the state, or advertised or reported as having been held or to be held shall be fined not less than one thousand dollars nor more than five thousand dollars, and imprisoned for not less than six nor more than twelve months.

(2) Any person who, either as owner or agent, leases or rents to any other person, any room, building, float, vessel or premises, to be used for any of the purposes described in subsection (1) of this section, or permits it to be used for such purposes, shall be fined not less than one thousand dollars nor more than five thousand dollars.

(3) Each day that the room, building, float, vessel or premises is provided, managed, maintained, kept or used shall constitute a separate offense.

436.450 (3941b-2): Acting as agent or employe of another in keeping premises where bets are placed on races or other contests

Any person who acts as the agent or employe of any other person in establishing, setting up, maintaining, keeping, operating or conducting any room, building, float, vessel or premises of the kind referred to in KRS 436.440 shall be confined in the county jail for not less than six months nor more than one year. Each day any person assists in maintaining, keeping, operating or conducting such a room, building, float, vessel or premises or acts as agent or employe of any other person in maintaining, keeping, operating or conducting it, shall constitute a separate offense.

436.460 (3941b-4): Assembling on premises where bets are placed on races or other contests

Any person who assemble for any purpose referred to in KRS 436.440 in any room, building, float, vessel or premises shall be imprisoned for not less than ten nor more than thirty days.

436.470 (3914b-5): Peace officer to suppress places where bets are placed on races or other contests

Any peace officer who willfully fails to suppress any room, building, float, vessel or premises in which the provisions of KRS 436.440 are being violated or to arrest violators of the provisions of KRS 436.440 shall be imprisoned for not less than six nor more than twelve months. In addition, a peace officer convicted under this section shall forfeit his office and shall be ineligible to hold any other office in the gift of this state.

436.490 (1328a): Betting on or transmitting bets on horse races other than authorized Kentucky races

(1) Any person who, either for himself or as agent or employe of another, wagers money or anything of value on a horse race run or about to be run or advertised, posted or reported as being run at any race track in or out of this state, or who engages in the occupation of receiving, making, transmitting or negotiating, either in person or by messenger, telephone or telegraph, wagers on horse races run or about to be run or advertised, posted or reported as being run or about to be run at any race track in or out of the state, shall, except in the case of wagers made within the enclosure of a race track licensed by the State Racing Commission during an authorized race meeting at that track, or an enclosure during regular meetings in which running, trotting or pacing races are being conducted by associations regularly organized for that purpose, be imprisoned for not less than one nor more than twelve months.

(2) In any prosecution under subsection (1) of this section, the State need not prove that the horse race upon which the wager was placed was actually run. Proof that the wager was made upon what purported to be or what was advertised, reported, or understood to be a horse race shall be sufficient to establish a prima facie case for the State.

436.510 (1328a; 1973; 2579): Protection of witnesses in investigation or prosecution for gambling

(1) In any prosecution or any investigation by an examining court or grand jury under KRS 436.490, or any prosecution for gambling, it shall be no exemption for a witness that his testimony may inculpate himself.

(2) It shall be no exemption for the buyer of a lottery ticket, in any prosecution against the seller of a lottery ticket, that his testimony may inculpate himself.

(3) No testimony given in the proceedings stated in subsections (1) and (2) of this section shall be used against the testifying witness in any prosecution except for false swearing.

(4) Except as provided in subsection (3) of this section, a witness testifying in any prosecution or any investigation by an examining court or grand jury under KRS 436.490, or any prosecution against the seller of a lottery ticket, shall be discharged from all liability for any offense necessarily disclosed in his testimony.

(5) A witness testifying in any prosecution for gambling shall be discharged from all liability for gambling disclosed in his testimony.

(6) No person against whom a witness testifies in any prosecution or any investigation by an examining court or grand jury under KRS 436.490 shall testify as to similar violations on the part of the witness.

(7) No person against whom a witness testifies in any prosecution for gambling shall testify as to any gambling by the witness.

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