

The Final Years of Gambling in El Cerrito

Newspaper articles from 1949-1955. The El Cerrito and California scene at the time included Attorney General (and eventual Governor) Edmund G. "Pat" Brown, Governor (and eventual Supreme Court justice) Earl Warren, Fred Grunewold, Dave Kessel, William N. "Big Bill" Pechart, E. L. "Buster" Price, Elmer "Bones" Remer, The Wagon Wheel, and many more people and places.

CRACKDOWN ON GAMING STARTS IN EAST BAY

2 S. F. Bookies Fined \$1,000;
San Mateo Maps New Curbs

The Bay Area's antigambling heat spread to still another county, Contra Costa, yesterday.

Sheriff James N. Long ordered an investigator into reports that gambling was booming there, following the crackdown in San Francisco, Oakland and San Mateo County.

DEVELOPMENTS—

Developments on the varied fronts were:

1—Proposals to put "teeth" in a new San Mateo County card room club ordinance will be made to the county supervisors tomorrow by the new grand jury.

2—Two San Francisco bookies were fined \$1,000 each and put on two years' probation after pleading guilty here.

3—Twenty-eight Negroes were arrested in two dice game raids in Oakland. To gain entry to the places, two officers of the new Oakland vice squad donned blackface.

4—Warren Olney III, counsel for the State organized crime commission, who is readying the commission's first report, denied rumors that he has been investigating gambling and vice in San Francisco.

5—Capt. Aloysius O'Brien of Mission Police Station said that public whist games without cash prizes and at a reasonable admission charge will be permitted in his district for the entertainment of the elderly persons who play. The police legal department had outlawed public whist under certain conditions, including the offering of cash prizes.

NEW INQUIRY—

Contra Costa County Sheriff Long's inquiry into reports of a resurgence of gambling was to center primarily in the El Cerrito area. Off and on, this territory has long specialized in varied forms of gambling.

In San Mateo county, recommendations to curb the size and number of social clubs there will be made to the supervisors tomorrow, said Dr. S. J. Guardino, head of the jury's law enforcement committee.

The supervisors have indicated they will pass a new ordinance to restrict the clubs to

(Continued on Page 2, Col. 7)

Crackdown on Gambling Spreads to Contra Costa

(Continued from Page One)

tomorrow, after hearing the grand jury recommendations.

"Primarily," said Doctor Guardino, "we will propose that the entire cardroom setup be cut down in size."

NEW LIMITS—

His recommendations will include:

Placing a five-table limit in a cardroom club, with a limit to the number of players. Previously, such major operations as the Cabbage Patch at Colma and the 101 Club near the county line had twenty tables each.

Restricting the number of cardroom clubs in the county. This would be done, said Doctor Guardino, so that "none of the big clubs could branch out into an array of smaller ones."

Removing the power to grant licenses to such clubs from Sheriff James J. McGrath, which he had under the old ordinance. Instead, the authority would be vested in the county supervisors.

Clamping a midnight closing on the clubs. Certain of them had been operating into the early morning. The Cabbage Patch reportedly operated around the clock.

Making the clubs freely accessible, by compelling them to keep their doors open at all times.

Restricting the cardrooms to legal games only.

SENTENCES—

The two San Francisco bookies who pleaded guilty and were sen-

tenced yesterday were Frank Farina, 36, and Joseph J. Bacigalupi, 68.

Farina, who lives at 903 Florida Street, was arrested for bookmaking at a restaurant at 189 O'Farrell Street, on October 15. He was sentenced by Superior Judge Albert C. Wollenberg.

Bacigalupi was arrested November 5, accused of bookmaking in his apartment at 1531 Hyde Street. He was sentenced by Superior Judge Daniel R. Shoemaker.

The two Oakland dice game raids, touched off by the two officers who disguised themselves, were at cigar stores at 1726 and 1728 Seventh Street.

The officers said their makeup was applied at a beauty parlor.

The twenty-eight Negroes arrested were released on \$100 bail each.

BINGO BANNED—

Captain O'Brien stated his position on whist games after discussing the question with Chris Christiani, who runs games in the Mission.

O'Brien emphasized that other games, such as bingo, cannot be operated in the whist halls.

He said that merchandise or token prizes are acceptable, but that steep admission charges and cash prizes will not be permitted.

Berkeley Gazette
Jan 19, 1949

No source
No date

ANNEXATION RUMORS

There are rumors that petitions will be circulated in Richmond Annex by residents who want to join the city of El Cerrito . . . Seems taxes are lower and gambling isn't something to worry about under the eagle eye of the El Cerrito Council . . . Which reminds, a tip o' the hat to the Catacombs Club, 'teen-ager outfit which appeared to have pulled out half of "Cerrito and Richmond for the show that featured Jimmy "The Nose" Durante . . . And we hear Bill Dugan, 'Cerrito fireman, was going great guns at the Pacific Rod and Gun Tournament skeet shoot until his gun jammed . . . He borrowed one from a friend, but the longer stock threw Bill off and he hit only seven of his next 10 shots . . . He wound up with a 46 of a possible 50 . . . A handkerchief to the outer tip o' the eye for Bill . . .

No source - No date

Wagon Wheel Discreditable, Says Council

The El Cerrito City Council yesterday filed a statement with State and county law enforcement agencies "deploring" the unfavorable publicity brought upon the city by gambling operations at the near-by Wagon Wheel gambling den.

The statement, signed by Mayor Millard E. Bostock and five council members, virtually accused Sheriff Jim Long of Contra Costa county of failure to enforce gambling laws.

"We are positive the Sheriff is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito," the statement said.

"It is of grave concern to us when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good name of El Cerrito."

Copies of the statement were filed with Governor Warren's office, the Attorney General's office, the District Attorney's office and the Sheriff's office of Contra Costa county, and with the Contra Costa County Board of Supervisors.

No Place for Gamblers

A recent statement that Chinese gamblers had left San Francisco to operate in El Cerrito needs to be scotched, and quickly. Either of two bits of logic serve readily to reduce the statement to the status of ridiculous humor.

First, there is no indication that Chinese gamblers have left the city across the Bay.

Secondly, El Cerrito's record as a city whose law enforcement has been above average is well known. There is no toleration there of gambling or other illegal activities. In short, it is not a hospitable location for gamblers.

El Cerrito's candidacy for the title of All-American city is one earned by its excellence of city government, including its law enforcing. Those who chose it as a candidate examined El Cerrito thoroughly before picking it along with 21 other cities out of hundreds across the Nation as qualifying for the honor.

If and when gamblers are forced to decamp, we suspect they will not move to El Cerrito. The odds are against finding a haven there for displaced gamblers, and they know it.

KILLING STIRS GAME CHARGES

Action to close the Wagon Wheel, Contra Costa County gambling spot, was demanded by El Cerrito city and police officials today as an aftermath to the "lust-for gambling" confession of the killer of a San Jose police officer.

The confessed slayer, Clifford Denham, 22, Oakland father of three small children, told authorities that he entered a career of crime in order to get money to satisfy his "irresistible urge" to gamble.

He said he lost a "lot of the money" he obtained in a long series of burglaries at the Wagon Wheel. It was during one of these burglaries, the Mercantile Acceptance Company in San Jose, that he shot to death Police Officer John Covalesk.

TO SECRET JAIL

Denham, indicted by the Santa Clara County grand jury late yesterday on one count of murder and two of first degree burglary, was taken secretly to a jail outside the county a short time after the grand jury session.

Deputy Sheriff Harvey Hutchings said Denham was "hidden out for his own protection, but he'll be in San Quentin today."

"Feelings are running pretty high on this case and there's been a little talk in bars around town," he added.

Concern over Denham's safety was intensified by recollections of the 1933 lynching of the Brooke Hart slayers in St. James Park, across from the antiquated county jail.

SERIOUS CHARGES

El Cerrito city and police officials voiced new opposition to the Wagon Wheel after Alameda and Santa Clara County officials levelled charges—equally as serious as those brought against Denham — at gambling, which they said must share blame for the tragic killing of Covalesk.

"That place has been in operation for years right outside the city limits and has been a continual source of trouble," declared Police Chief Howard Thulin.

It has given the city a bad reputation when actually it is in county territory. That is the responsibility of Sheriff Long (Sheriff James N. Long, of Contra Costa County)."

WILL ACT MONDAY

Mayor A. J. Dietrich said the matter already had been discussed among members of the City Council via telephone and that the councilmen were to discuss it more fully at an informal meeting after Monday night's council session.

"I hope someone can come up with a solution," Dietrich commented. "We've done everything we know how to do and the Wagon Wheel still goes full blast. We've written Governor Warren, we've talked to the Crime Commission and we've discussed it

Continued Page 2, Col. 2

Continued From Page 1

with the district attorney—but nothing results."

Sheriff Long said his office is powerless to act against the Wagon Wheel, which was mentioned in the final report of the California Crime Commission.

BLAMES THE LAW

"This whole thing resolves itself into a question of ambiguous state laws which make certain types of poker legal. Before anything can be done, the state must enact laws to make lo-ball and draw poker illegal. As far as my office knows that is the only type of gambling going on at the Wagon Wheel.

"I agree with Coakley (Dist. Atty. J. Frank Coakley, of Alameda County) that we should have a clear-cut law on gambling—then my office could do something."

Coakley deplored a State appellate court decision which legalized draw poker and lo-ball after Denham, in his confession, told him that "he just couldn't stay away from gambling—I was like a drunk in need of a drink of whisky."

ARRAIGNMENT FRIDAY

Denham, whose home is at 146 Eldridge Street, will be arraigned at 10 a.m. Friday in San Jose in the court of Superior Judge William James.

In his confession, he took full responsibility for Covalesk's death. San Jose officers, however, still are investigating the possibility that he had an accomplice.

Oakland Attorneys Gordon Williams and Rupert Crittenden, whom Denham has retained to defend him, declared: "He is not the gun-toting type. We believe he is shielding someone."

Denham was arrested in an Emeryville cardroom Wednesday night as he played poker with some of the money taken from the San Jose finance company office. Under questioning by Emeryville Police Chief Frank Farina he finally confessed the slaying.

The Call Bulletin

MONDAY, DECEMBER 13, 1954 13

Monday Merry-Go-Round:

TWO ITEMS OF A KIND. (#1): Chinatown's professional gamblers, frustrated in S.F. by police vigilance, have moved their operations to El Cerrito, where all is going full blast. The sap-trade, however, is still S.F.'ans, with free bus service being provided from Chinatown across the Bay for those who insist on losing their wages. (#2): The girls working for certain tenderloin bars have shifted their hours. They check in as early as 6 a. m. and continue until noon, when the Vice Squad goes to work.

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ORDINANCE No. 724

AN ORDINANCE OF THE COUNTY OF CONTRA COSTA PROHIBITING THE KEEPING OF PLACES WHERE GAMBLING IS CONDUCTED OR CARRIED ON WITHIN ONE-HALF MILE OF THE CITY LIMITS OF ANY INCORPORATED CITY WITHIN THE COUNTY OF CONTRA COSTA.

The Board of Supervisors of the County of Contra Costa do ordain as follows:

SECTION 1. It is hereby declared unlawful, within one-half mile of the city limits of any incorporated city within the County of Contra Costa, laws of which city forbid draw poker or anything herein declared unlawful, for any person, either as principal, agent or employee, or otherwise, to keep, conduct, or maintain in any house, room, apartment, or place, used in whole or in part, as a gambling house or place, where any game not mentioned in Sections 330, 330a and 337a of the Penal Code of the State of California is played, conducted, dealt, or carried on with cards, dice or other device, for money, checks, chips, credit or any other representative of value.

SECTION 2. It is hereby declared unlawful for any person, either as principal, agent or employee, or otherwise, within one-half mile of the city limits of any incorporated city within the County of Contra Costa, laws of which city forbid draw poker or anything herein declared unlawful, knowingly to permit any house, room, apartment or place owned by him or under his charge or control to be used in whole or in part as a gambling house or place for playing, conducting, dealing or carrying on any game not mentioned in Sections 330, 330a and 337a of the Penal Code of the State of California, with cards, dice or other device, for money, checks, chips, credit or any other representative of value.

SECTION 3. It is hereby declared unlawful for any person, either as principal, agent or employee, or otherwise, within one-half mile of the city limits of any incorporated city within the County of Contra Costa, laws of which city forbid draw poker or anything herein declared unlawful to play or bet at any game not mentioned in Sections 330, 330a and 337a of the Penal Code of the State of California, which is played, conducted, dealt or carried on with cards, dice or other device for money, checks, chips, credit or any other representative of value.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 5. Any person violating any of the provisions of this ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine not exceeding Five Hundred Dollars (\$500), or by imprisonment in the county jail of the County of Contra Costa, for a term not exceeding six (6) months, or by both such fine and imprisonment.

SECTION 6. This ordinance shall take effect thirty (30) days after the date of its adoption, and prior to the expiration of fifteen (15) days from the passage hereof, shall be published at least once in the Pinole-Hercules News, a newspaper of general circulation, printed and published in the County of Contra Costa, State of California, together with the names of the members voting for and against the same.

The foregoing ordinance was passed and adopted by the said Board of Supervisors of the County of Contra Costa, at a regular meeting of said Board held on the 22nd day of July, 1952, by the following vote:

No Place for Gamblers

A recent statement that Chinese gamblers had left San Francisco to operate in El Cerrito needs to be scotched, and quickly. Either of two bits of logic serve readily to reduce the statement to the status of ridiculous humor.

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Secondly, El Cerrito's record as a city whose law enforcement has been above average is well known. There is no toleration there of gambling or other illegal activities. In short, it is not a hospitable location for gamblers.

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*Oakland Tribune
Dec 18, 1954*

AYES: Supervisors I. T. Goyak, H. L. Cummings, Ray S. Taylor, W. G. Buchanan.
NOES: Supervisors—None.
ABSENT: Supervisors—None.
DID NOT VOTE: Supervisor J. Frederickson.

H. L. CUMMINGS
Chairman of the Board of Supervisors of the County of Contra Costa, State of California.

ATTEST:

W. T. PAASCH
County Clerk and ex-Officio Clerk of the Board of Supervisors of the County of Contra Costa, State of California.

By: R. M. BILLECI (SEAL)
Deputy
Published in the Pinole-Hercules News, Aug. 1, 1952.

NO DRAW POKER!

El Cerrito Keeps Ban On Gamblers

El Cerrito not only isn't playing on such activities within their own city limits.

ing host to gamblers dodging the current "heat" in San Francisco's Chinatown, but is the very city that brought about a county ordinance that even keeps draw poker away from its boundaries.

The East Bay city's officials were considerably disturbed over an item that appeared recently in the Ted and Dorothy Friend column of The Call-Bulletin. It said Chinatown gamblers were running a flourishing taxi business transporting customers from San Francisco to a wide open game in El Cerrito.

This was an unintentional error. The taxi runs are reported to be actually operating, but NOT to El Cerrito. Those who profess to know say the gambling involves another part of the East Bay, in no way under El Cerrito jurisdiction.

CLEAN BILL OF HEALTH

In fact, informed persons give El Cerrito a clean bill of health as far as gambling is concerned.

Some years ago, gambling flourished in an unincorporated area adjacent to the city, known as "No Man's Land" and under county rather than city jurisdiction.

But it has been generally understood that the El Cerrito police have kept a tight damp

City Manager Kenneth H. Smith, at the direction of the City Council, formally spoke for his community. He said:

"In the past 10 years, this community has striven to build and maintain a reputation of clean, efficient government.

"POLICE VIGILANT"

"Our police department has been very vigilant for any illegal gambling activity within our city limits. The city has even gone to the extent of securing passage of a county ordinance banning draw poker in adjacent unincorporated areas in order to protect against possible gambling activity on the city's borders."

El Cerrito's civic record this year is on such a high level that the city is one of the 22 finalists in the nationwide "All America Cities" contest, results of which are to be announced next month.

William Zachary, commissioner of police in San Pablo, said "In view of the fact the people (of San Pablo) have outlawed legalized card rooms, it is hardly reasonable to believe that our police chief or the people of San Pablo will tolerate any deviation from the people's mandate."

Zachary added that he understands there is more afoot to effect an initiative to return pin balls and card rooms to their legal status after the first of July. The new ordinance approved by the voters November 2 outlawing pin ball machines and card rooms goes into effect July 1.

Zachary declared he joins with Chief Pedretti in fulfilling the dictates of the people. He said he has been informed by citizens groups that they will fight the reported initiative move.

RICHMOND IND.

11-24-54

Gambler Shift To San Pablo Area Balked

SAN PABLO — Efforts of San Francisco Chinatown gambling operations to move into San Pablo via a "taxi service" have been stopped cold.

Police Chief Walter A. Pedretti declared San Pablo is clean as far as he knows. This is his answer to a report that the state attorney general's office is investigating a chauffeur service bringing gamblers to San Pablo and locations outside Vallejo in Solano county.

San Francisco Chinatown gambling was delivered a decisive blow last month when Chief of Inspectors James English ordered it closed to stay that way.

Chief Pedretti said three weeks ago he heard some reports of a "minor card operation" going on at Thirteenth near Mission street. Following an investigation in cooperation with District Attorney Francis Collins, the establishment was ordered closed.

Last week end, the chief added, a second attempt was made by the establishment to start gambling operations again under the guise of a Chinese social club. Pedretti said the place was closed down immediately. Any other gambling will be kicked out of the city as long as he is chief, he said.

Harold G. Robinson, chief criminal investigator for Attorney General Edmund G. (Pat) Brown said he got word of the taxi service following the closing down of Chinatown in San Francisco. One of the drivers said the fare to gambling spots near Vallejo was \$10.

San Francisco District Attorney Thomas J. Lynch said, "There is nothing we can do about this taxi service (in San Francisco). We can't stop a group of Chinese from getting into a car."

no date - 74 houses

Bay Area Gambling

Two Wide-Open Establishments In Contra Costa

Wide-open gambling is going again in Contra Costa county.

The operations, largely confined to unincorporated parts of the county, are big money operations aimed at cashing in on the gambling shutdowns in San Francisco, San Mateo and Alameda counties.

One bookie joint reopened for business on December 28 and has been running full blast ever since. Its gross daily take is said to be over \$4000.

Another place, within the city limits of El Cerrito, is catering to the elite of the fraternity—those who can afford to bet not less than \$100 on a race.

WAGON WHEEL

The Wagon Wheel, in the so-called "no-man's land" just outside of El Cerrito, is also running a big hand-book operation.

It opened up just a few days ago under rather impromptu circumstances as a redecoration job there is only partially completed.

Two Chronicle reporters yesterday entered the Wagon Wheel and the Trocadero while betting was running full blast.

The Trocadero is a roadhouse-type place located on a lonely stretch of the San Pablo Dam road a few miles east of Richmond.

It is surrounded by an eight-foot wall which conceals a hundred parked automobiles from passing motorists.

Joseph S. Davis, listed as the operator of the Trocadero, owns the on-sale liquor license and the amusement device licenses.

Independent investigators say the bookie operation at the Trocadero is actually the property of Bill Pechart and Dave Kessel. They have traced a former police officer as he carries the joint's bankroll from the Trocadero to Pechart's office in El Cerrito.

TWO TRIPS

The former police officer is said to make two trips daily. His first is early in the morning from the office to the club with the operating funds and change.

The second trip is at night, after the tracks close, when he brings home the bankroll and the day's profits.

Sheriff James Long was unavailable for comment on the resurgence of gambling in the county.

Yesterday, the Trocadero had brisk business covering races at Hialeah, Fair Grounds and Santa Anita.

The race information was posted on bulletin boards in the main room, which includes the blackjack game, slot machines and bar. Bets were taken in a small back room where two men seated at a long table accepted money and marked initials on a scratch sheet.

Pechart is a former operator of the Wagon Wheel and there are indications he still is in control. The on-sale liquor license there is owned by Fred Grunewold, who also owns the building.

Investigators say the race track information used at both these joints is received by telephone from a Richmond distributing point.

It is sent to Richmond by direct telephone from Reno where the information is dropped off the Continental racewire.

Because of the inconvenience of the telephone relay system, the results are not known to the Contra Costa bookies for about 15 minutes after the race has been run.

Meanwhile, the San Mateo county Grand Jury put off for a week its gambling investigation meeting scheduled for last night.

Dr. S. J. Guardino, head of the jury's vice committee, said reports to the county Board of Supervisors were not yet complete.

*Oakland Tribune
Jan 23, 1952*

Daily KNAVE

Mysterious activities at the Wagon Wheel, Contra Costa County's erstwhile palace de chance outside the city of El Cerrito, is arousing doleful conjecture in that community.

The word is out that the establishment is being fitted up for revival as a poker palace.

The Wagon Wheel, once a real hot spot, has been cool since Crime Commission and Kefauver Committee investigations made it too hot. It operated for a time as a dance hall, but has been completely closed for several weeks.

This was entirely satisfactory to El Cerrito citizens who have long been irked by the fact that no matter what went on in the Wagon Wheel, the city could do nothing about it. The place is outside the city limits in an unincorporated area that is known as No Man's Land.

Indications that a "legal" draw poker club is in prospect have alarmed El Cerrito. Already several prominent citizens have urged the City Council to petition the Contra Costa County Board of Supervisors, which has jurisdiction over No Man's Land, to adopt an ordinance prohibiting poker clubs.

Prediction A: The El Cerrito Council will make such a request. Prediction B: The Supervisors will file it.



Call Bulletin Jan 3, 1955

El Cerrito Thanks C-B For Clearing Up Gambling Mixup

EL CERRITO, Jan. 3.—The city of El Cerrito expressed thanks today for a Call-Bulletin story that straightened out a mixup over East Bay gambling.

The article referred to a mistaken report that Chinese gamblers were setting up shop in El Cerrito, and made it clear this is not the case.

The city's thanks were expressed by City Clerk Maryellen Foley, on behalf of the city council.

"The residents of our community, as well as the city officials, take serious pride in their city, its growth and its accomplishments," she wrote.

"No doubt your organization also has watched the progress made by our city in the past decade. It has developed from a small community of 7,000 to 22,104 today.

"Once again, a sincere thank you and best wishes for 1955."

Supervisors Refer Cardroom Ban to DA

MARTINEZ, May 28—A new move for enactment of a county-wide ordinance prohibiting the operation of cardrooms in the unincorporated areas of the county, the latest to be made by the El Cerrito city council, has been referred by the board of supervisors to District Attorney Francis W. Collins for a legal opinion. Collins is to report his recommendations to the board June 10.

The ordinance, asked in a resolution passed by the El Cerrito council Tuesday night, hits at draw poker establishments, and more particularly those operated in the 21-block area adjacent to El Cerrito known as "No Man's Land."

Notwithstanding the fact that draw poker is legal in California the council points out that cardrooms engaged in such endeavor are thus able to "conduct gambling activities legally."

Such legal establishments, the council says, tend to bring undesirables into the El Cerrito, Richmond and Albany sections, demoralizing youth, contributing to delinquency and resulting in unfavorable publicity.

City Manager Kenneth H. Smith of El Cerrito and John Ormasa, of the city attorney's office, appeared before the board to argue for passage of the countywide ban, explaining that the county had the power to prohibit cardrooms on an area basis, and could further regulate them on a permit basis.

Under such a program, Smith said, areas not opposed to cardrooms could still have them.

The problem was first presented to the supervisors last August when the Lafayette Chamber of Commerce and Lafayette Improvement Club asked for a countywide ordinance against so-called poker parlors.

The board refused to pass such an ordinance, asserting that inasmuch as draw poker is legal in California, the problem is of state and not local concern.

The board also took the view that a countywide ordinance would prohibit cardrooms in areas that had no objection to them, and added that the local option idea "has never proved very satisfactory."

Board Chairman H. L. Cummings of Crockett, who originally voted against a countywide ordinance, changed his mind two months later and said he thought the idea a good one.

But his fellow board members did not agree with him, and refused to reopen the question by even seconding his motion to renew the proposal.

The El Cerrito delegation also made the point that the municipalities of El Cerrito, Richmond and Albany have had anti-cardroom ordinances in effect for several years.

Tax Evasion Crackdown Is Proposed

SACRAMENTO, Nov. 14 (UP) — Gov. Earl Warren said today he agreed "with the objective" of a proposal by the State Crime Commission for a State unit to investigate income tax evasions.

The commission in a report issued today said the State should stop relying on the Federal Bureau of Internal Revenue for investigation of income tax cheating, particularly by criminals.

"It's apparent," Warren said, "that there are evasions of income taxes on the part of these gangsters. There must be some way to bring them into line and make them pay the taxes honest people have to pay and do pay on their incomes."

He called the proposal "thoughtful" and "deserving of consideration." He said he would discuss it with the franchise tax board

Details of the California Crime Commission's final report on organized crime and rackets in the State on page 5.

headed by controller Thomas Kuchel. The board administers both income and business taxes.

It was brought out that the board in its 1951-52 budget is asking for money for fraud investigation. Warren indicated the request wasn't a coincidence.

The Governor declined to comment on a commission recommendation that a new commission be appointed with power to summon witnesses. He said that was a legislative matter and said his legislative program for 1951 hadn't jelled yet.

8-Point Plan

SACRAMENTO, Nov. 14 (AP)—The California Crime Commission today urged eight steps—including appointment of a new commission—to thwart organized crime in California by making the rackets "both unprofitable and unsafe."

The recommendations were made in the final report on three years work by the five-man group which went out of existence last June 30. They are:

1. Creation of a State agency with broad authority to investigate cases of fraudulent evasion of State taxes.
2. Amendment of State income tax law so expenses and losses in criminal enterprises can not be deducted for income tax purposes.
3. That the Kefauver Senate Crime Committee investigate the flow of profits from organized crime, in interstate commerce, and determine how the underworld in large part manages to escape Federal taxation.
4. Amendment of the Federal income tax so expenses and losses from criminal enterprises cannot be deducted for income tax purposes.
5. Enactment of pending measures in Congress to ban the transmission in Interstate Commerce of betting and gambling information.
6. Enactment of Federal legisla-

Tax Evasion Crackdown Is Proposed

[Continued from Page One]

tion to prohibit interstate shipment of slot machines and other gambling devices.

7. Authority for any future State Crime Commission to summon and swear witnesses, take testimony and compel the production of evidence. Lack of such authority, the commission said, seriously hampered its own work.

8. Appointment of a new Crime Commission to carry on the study of organized crime.

The members of the commission are Admiral William H. Standley (ret), San Diego, chairman; Gerald H. Hagar and General Kenyon A. Joyce (ret), San Francisco, and William M. Jeffers and Harvey S. Mudd, Los Angeles.

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Berkeley Gazette
Nov 14, 1950

Berk-Gaz 11/14/50

Pechart Comment

William Pechart, operator of the frequently-raided "Wagon Wheel" at El Cerrito, declared today references to him in the State Crime Commission report were "trumped up and not true."

Pechart talked to newsmen in his office under the 5000 square foot apartment, 315 San Pablo Ave., El Cerrito, which the commission report described as a \$200,000 "concrete fortress" originally intended as a bank.

"The newspapers have pestered me all day," he complained, "because of this — Crime Commission report. It's all trumped up and not true. They won't let a man and his wife alone in his own home."

The rear of the apartment building is enclosed by a heavy wire fence, topped with barbed wire and linked to burglar alarms. The front door is heavily reinforced.

Washington Alerted

WASHINGTON, Nov. 14 (AP)—Officials indicated today the Internal Revenue Bureau already has looked into charges that bureau personnel in California took money from big shot criminals bent on evading Federal taxes.

The charges were published in detail today by the California

Crime Commission. The commission said the bureau failed to prosecute mobsters, abortionists, gamblers and others against whom revenue agents had tax evasion evidence.

There was no denial of the charges here. The bureau refused to comment on their accuracy. Officials said, however, that the bureau plans no new action in California on the basis of the Crime Commission's accusations. A spokesman said investigation of the bureau's own personnel is a continuing process.

He left the inference that the bureau already has inquired into the California situation.

Attorney General Hit for Failure To Cooperate

By WILLIAM H. ALLEN

SACRAMENTO, Nov. 14 (AP) — The story of a unique attempt — apparently unsuccessful — to organize a Statewide system of racket protection in California "under the cloak of the attorney general's office" was told today by the State Crime Commission on Organized Crime.

"A melancholy chapter in our history," the commission called the effort which it said began in 1947, the year Fred N. Howser became attorney general.

The commission accused Howser of failing to cooperate in its investigation and indeed actively opposing it on occasion.

"Repeatedly," the commission charged, "the attorney general sent to investigate the incidents reported to him the very investigators whose names had been mentioned as personally involved."

Howser, a Republican, was defeated for re-election in the June primary this year. Edmund G. (Pat) Brown, a Democrat, will succeed him in January. In his final report, Howser blasted the commission and criticized it for trying to steal his police powers "under the protective aegis of the chief executive of this State"—Governor Warren.

DEFUNCT COMMISSION

This, the last report of the Warren-appointed commission, was in large part a summary of three progress reports on organized crime and racketeering. The commission went out of existence June 30.

Although it found the Statewide protection plan has not succeeded and that the "dike of local law enforcement" against organized criminals is "mainly sound," the special study commission recommended:

That a new commission be appointed with authority to force witnesses to appear at hearings and testify.

The old commission lacked that power and had to get much of its information from local law enforcement agencies.

Evidence of the Statewide protection scheme came from 16 of California's 58 counties, the commission said.

Among them, as reported by the commission:

Kern—

BAKERSFIELD SCANDAL

Where the former chief of police of Bakersfield, Robert C. Knight, testified of two men he said approached him with the idea of organizing a system of protection in the county for slot machines, house gambling and prostitution.

"They said they were representing the attorney general of State of California, Fred Howser. They named him directly. They didn't pull no punches. . . ."

The two men, Knight said, were Wiley H. "Buck" Caddell, Howser's special agent, convicted of bribe conspiracy in Mendocino County, and Jack Molina, retired Los Angeles policeman.

Fresno —

Here, the commission said, Mayor Gordon G. Dunn and his secretary were approached with an elaborate scheme — involving a defunct silver fox fur farm corporation for protecting gambling and prostitution in Fresno City.

Dunn and his secretary testified the plan was worked out and proposed to them by Robert Franklin, Fresno public relations man. The commission identified Franklin as campaign manager for Howser in 1946 and again this year.

OTHER COUNTIES

And from other counties — Amador, Tuolumne, Placer, San Mateo, Butte, Santa Cruz, Yuba, Mendocino, Nevada, San Luis Obispo, and San Bernardino — similar incidents are related:

Of gamblers or law enforcement officers being approached by Cad-

Pg. 9

del or somebody else representing himself as from or with the approval of the attorney general's agent with a plan for gambling and vice protection.

In Butte County, the commission d, a scheme for protecting gambling and prostitution worked for a while. It was broken up by indictments and prosecution, which resulted in several convictions.

"Regular collections" were taken by "a certain public employee from slot machine operators" in Nevada County over a considerable period of time, the commission said. "Under the representation of the amounts paid, half was for local officials, half for the attorney general's office."

"An indulgent jury," the commission said, in Sonoma County, acquitted three men whom the commission called "participants in the branded punchboard racket."

Of their trial the report says: "The prosecution's evidence showed that these three men, sometimes together and sometimes separately and in many different parts of the State, represented they had the authority and the approval of the attorney general's office in setting up a system of protected operation of the boards in return for the payment of graft."

EL CERRITO GAMBLING

Another incident involves Elmer "Bones" Remmer, San Francisco gambler, and two Contra Costa County gamblers, E. L. "Buster" Price and William Pechart.

Price, the commission said, complained early in 1947 that Remmer was demanding 50 per cent of the profits from the Wagon Wheel, Contra Costa County gambling place in El Cerrito. Price is quoted as saying that Remmer threatened to close the place through his influence with the attorney general's office, if he didn't get the money.

Price related to Assistant San Francisco District Attorney Thomas C. Lynch that Remmer told him and Pechart in October, 1946, that he, Remmer, was contributing heavily to elect Howser and that when Howser got in, he was going to take over. Pechart told Lynch the payments were being made, although he denied the money was going to Remmer.

That incident, the commission said, seems to be related to a later one—the arrest by an attorney general's agent of Tiny Heller, a one-time betting commissioner in Oakland.

TINY HELLER CASE

Heller had refused a demand by Dave Kessel that he pay him 50 per cent of his profits to be permitted to operate. Kessel, the commission said, told Heller he and Pechart were members of the group which

included Remmer who were going to control Northern California gambling through the attorney general's office.

After Heller was convicted, the report continues, Jack Roland, "a gambler from Oregon," was selected by Kessel to try to pick up Heller's business. Apparently with some success, the commission adds, as indicated by business telephone charges of \$7915.12 in 1948.

It was well-known, the commission declares, that Pechart and Kessel, through Roland, were taking over and operating the business from which Heller had been eliminated, but:

"No action was ever taken in Contra Costa County by the attorney general or by anyone else to arrest the new operators.

"It should be noted here that only Heller, who had defiantly refused to pay for State protection, was arrested by the attorney general's men."

FAVORABLE COMPARISON

The commission, taking an overall view concludes that organized crime conditions in California compare "favorably with those in other states."

Cutting off the wire service to bookies in 1948 has made the organization of bookmakers "far more difficult than formerly."

The new State law prohibiting possession of slot machines has been pretty effective: "The slot machine racket is far less of a criminal menace in California than it used to be."

But there are still some things that need looking into:

Like the connections of criminal gangs with "legitimate business or what appear to be legitimate businesses."

"For example," says the commission, "in the gang associated with Jack Dragna, there are known criminals who are also active in cheese, fruit, olive oil, candy, wine, liquor, clothing and many other businesses.

"Some of them are apparently active in certain labor unions. There appears to be good reason to believe that these activities have a direct bearing on organized crime."

Contra Costa, Alameda County Invasion Bared

Efforts to set up a state-wide system of protection for gambling penetrated into Alameda and Contra Costa Counties, the State Crime Commission reveals for the first time in its final report, issued today.

The commission charges that Elmer (Bones) Remmer, San Francisco gambler, claiming to have connections with the attorney general's office, cut himself in for 50 per cent of the profits from Contra Costa County gambling, then operated by William Pechart, David N. Kessel, and E. L. (Buster) Price.

The pattern was identical with that established in 16 California counties where the commission found evidence of shakedowns on gambling and vice operations.

HELLER LOSES FIGHT

Kessel, in turn, attempted to put the 50 per cent "bite" on Zola (Tiny) Heller, who was operating as a sports betting commissioner in Oakland, the report asserts.

Heller, the commission reveals, refused to pay graft and was ruthlessly eliminated. Raided by the attorney general's office, he was convicted and forced out of business.

The Contra Costa County gang, which had bowed to the protection demands, took over Heller's business and continued to operate without interference, the commission asserts.

EARLIER INCIDENT

Reprinted verbatim from the commission report is this statement on the Alameda and Contra Costa County involvement in the state-wide conspiracy:

One of the earliest of these incidents (attempts to organize a state-wide system of racket protection) and one of the first to be reported to the commission, occurred in Contra Costa County.

During the early part of the year 1947 District Attorney Edmund G. Brown of San Francisco was engaged in the prosecution of the notorious Elmer "Bones" Remmer, on a charge of maintaining the Menlo Club in San Francisco as a public gaming house.

OFFICERS CALLED

On March 4, 1947, Assistant District Attorney Thomas C. Lynch, accompanied by a San Francisco police officer, called at the residence of E. L. "Buster" Price, a professional gambler in El Cerrito, Contra Costa County. This visit was in response to a

Continued From Page 1

telephone call from Price, stating that he had important information concerning Remmer which he wished to disclose.

Upon arrival, the San Francisco men found not only Price but William Pechart, Contra Costa County gambler, as well, and Pechart remained through the whole meeting which lasted several hours.

The gist of Price's complaint was to the effect that Bones Remmer was demanding 50 per cent of the profits from the operation of the Wagon Wheel, a gambling establishment in Contra Costa County, in default of which he threatened to close the place through his influence with the Attorney General's Office. Price stated to Lynch that in 1946 he had purchased a 10 per cent interest from Bones Remmer in the gambling casino called Cal-Neva Lodge on Lake Tahoe for \$30,000 and that Pechart had advanced a large part of the money to Price for this purpose.

HUGE PROFITS LISTED

Price stated that he had agreed to manage the casino for Remmer and that in return for these services and his \$30,000 investment he was to receive 10 per cent of the profit. Price told Lynch that he did manage the establishment during the months of July, August and September, 1946, and that the gross profit was in excess of \$600,000 and the net profit was approximately \$238,000 of which his share was \$23,800.

Price complained that Remmer had refused to pay him his 10 per cent; that Remmer stated the amount he would give him depended upon how much he could "cheat the government out of in taxes." This, according to Price's statement to Lynch, was his first experience with Remmer, but was not the main basis of his complaint.

Price told the San Francisco men that for some time past he had been a partner with Pechart in the Wagon Wheel in which a race horse book and a barboot game were in operation under an arrangement in which Price was to receive 20 per cent of the net profits. The fact of this arrangement was confirmed to Lynch by Pechart.

HOWSER MENTIONED

Price told Lynch that Remmer had told him and Pechart in October, 1946, that he, Remmer, was contributing a lot of money to elect Fred N. Howser Attorney General, and that when this was accomplished, he, Remmer, was going to "take over." Remmer

*Oakland Tribune
Nov 54, 1950*

had said that he was going to be in charge of all gambling in certain counties and that he was going to "cut himself in" for 50 per cent of the profits of those establishments permitted to operate.

Price stated to Lynch that only a few days before the interview with the San Francisco men a representative of Remmer, known to Pechart and Price as "Andrew," called on them to tell them that Remmer was cutting himself in for 50 per cent of the net profits of the Wagon Wheel, and as a result Price's interest in the profits was being reduced from 20 per cent to 10 per cent and Pechart's interest was being reduced pro rata.

Price's statements were confirmed to Lynch by Pechart to the extent of admitting that he was indeed turning over 50 per cent of the net profits of the Wagon Wheel to "Andrew." Pechart denied, however, that the money was going to Remmer, notwithstanding Price's insistence that such was the case. Price told Lynch he wanted the San Francisco men to expose Remmer and his connections with the Attorney General's Office and was willing to see the Wagon Wheel closed down for good rather than lose a half of his business to Remmer and see him take over gambling in all the northern counties of the state.

HELLER WARNED

At the time there was nothing the San Francisco men could do about this curious incident. But subsequently, when the commission was created, it was fully reported. It appears to be related to what happened later.

In Alameda County, one Tiny Heller had for many years been openly operating, in the City of Oakland, a betting commission business, handling bets on baseball, football, basketball games and other sporting events. In the

Bureau Eyes Charges

WASHINGTON, Nov. 14.—(AP)—Officials indicated today the Internal Revenue Bureau already has looked into charges that bureau personnel in California took money from big shot criminals bent on evading Federal taxes.

There was no denial of the charges here. Officials said, however, that the bureau plans no new action in California.

fall of 1947 Heller was told by local authorities that his business was illegal and would not be tolerated further. He closed.

According to the report made by Heller to law enforcement officers at the time, on October 23, 1947, he received a telephone call from a friend in Los Angeles whose name he refused to reveal but whom he described as a book maker. (Although Heller refused to reveal the name of his friend, a check of the records of long distance telephone calls disclosed a telephone call from Phil Tapper, the Los Angeles bookmaker. Tapper is a principal bookmaker in the syndicate with which Mickey Cohen is identified.)

This friend informed Heller that he should expect to hear later that same day from Walter Lentz, Charles Hoy or "Buck"

Bq 12



The State Crime Commission calls this building a \$200,000 "fortress." At 313 San Pablo Avenue, El Cerrito, it is the office and home of William M. Pechart.—Tribune photo.



Profits from the Wagon Wheel (above), Contra Costa County gambling joint, were taken by Elmer (Bones) Remmer in a protection deal, the State Crime Commission reports.

Oakland Tribune, Tuesday, Nov. 14, 1950

Caddel, investigators of the Attorney General's Office, who would see him either at his place of business or at the Mark Hopkins Hotel in San Francisco. This friend told Heller that he could continue his betting commission business if he arranged for pay-offs to those men.

KELLEL PAYS CALL

Nobody called on Heller on that day. Instead, on the morning of the following day, Heller received a personal visit from Dave Kessel. Kessel is one of the principal partners with Pechart in the Wagon Wheel in Contra Costa County, mentioned above, and personally manages the operation of the horse race book operated there.

According to Heller's report, Kessel told him that he and his partner, Pechart, were members of the group, which included Bones Remmer and others, who were going to control all sizable gambling in Northern California through the Attorney General's Office. No gambling would be permitted except on the payment of protection and Heller's betting commission business in particular could not be operated unless he paid.

Kessel claimed he had seen "the boys" and that Heller would be allowed to operate his business if he paid to them 50 per cent of his net profit. Kessel said Heller would have to pay the 50 per cent "under the counter" to Kessel who would take care of "the boys." In addition, a bookkeeper would be sent up from Los Angeles to keep track of Heller's income and see that the proper amount was paid, and the book-

keeper's salary would have to be paid by Heller.

PAY OFF REFUSED

Heller claims he flatly refused to make any such arrangement, telling Kessel that he had never paid a cent of graft to anybody in his whole lifetime and that he was not going to start then.

When Heller proved adamant, Heller reports Kessel as having told him that he could reopen for the time being in spite of the warning Heller had received from the police department, and could finish out the football season, but that he would have to make arrangements for the payment of protection before the beginning of the basketball and baseball seasons in the spring. Under these circumstances, Heller reopened.

On November 17, 1947, and without further warning, Tiny Heller's establishment in Oakland was raided and he was arrested by the Attorney General's special agent, Charles Hoy. Alameda County's District Attorney, J. Frank Coakley, immediately stepped into the case and took over the prosecution.

The case was prosecuted energetically and successfully, although the district attorney got only grudging help from the Attorney General who presumed to criticize publicly the conduct of the case even before the matter was tried. Heller was convicted and put out of business permanently.

OFFICERS INFORMED

At his trial, Heller did not testify on his own behalf and the matters which preceded his arrest were not made a part of the record or otherwise made public.

But this story was no afterthought on Heller's part. It was reported by him at the time it happened and Sheriff H. P. Gleason of Alameda County and District Attorney Coakley were both aware of Kessel's demands made on Heller before the arrest or other action developed. They did not know, however, that Heller had presumed to reopen his business on the strength of Kessel's assurance.

After his conviction, Heller was invited by Pechart and Kessel to resume his betting commission business in partnership with them in Contra Costa County. This offer was refused. The terms of Heller's probation prohibited his engaging in the gambling business.

Kessel then selected Jack Roland, a gambler from Oregon, to try to pick up the betting business formerly operated by Heller in Oakland. Roland had some success, as is indicated by the telephone charges of \$7915.12 for business transacted in 1948.

REPORTED IN PRESS

It was reported in the press and was well known that Pechart and Kessel, through Roland, were taking over and operating in Contra Costa County the business from which Heller had been eliminated, but no action was ever taken in Contra Costa County by the Attorney General or by anyone else to arrest the new operators.

It should be noted here that only Heller, who had defiantly refused to pay for state protection, was arrested by the Attorney General's men.

Betting businesses similar to

Heller's except for being bigger and better known, were being operated across the bay in San Francisco at "Corbett's, Inc." 15 Fremont Street, and "Tom Kyne's," 1 Opal Place. Both of these establishments have continued to operate.



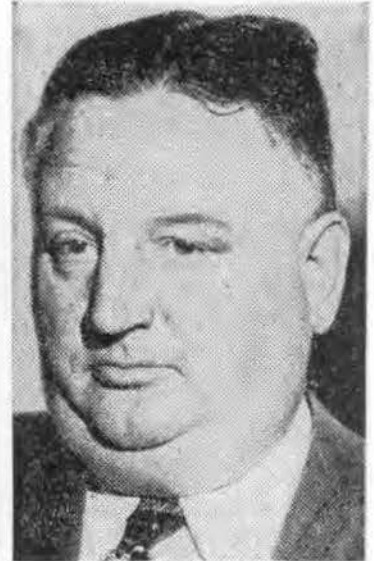
MICKEY COHEN



ZOLA HELLER



GERTRUDE JENKINS



ELMER REMMER

Brief Sketches of Some of Those Accused by State Crime Board

Here are some of Californians who play important parts in the State Crime Commission report released yesterday:

Elmer F. (Bones) Remmer, widely known gambler who once operated Lake Tahoe's swank Cal-Neva Lodge and Turk street's drab Menlo Club. He sold Cal-Neva, and the Menlo Club was closed by District Attorney Edmund G. (Pat) Brown. He still has interests in various tenderloin enterprises.

William N. (Big Bill) Pechart, notorious Contra Costa gambler whose main place of business, El Cerrito's Wagon Wheel, has been raided many times but somehow seems to survive. He lives securely in a fortress-like apartment over a store at

315 San Pablo avenue in El Cerrito.

David N. Kessel, described in the report as one of Pechart's principal partners who personally manages the operation of the horse race book operated at the Wagon Wheel, lives in a Piedmont mansion guarded by a high steel fence topped with barbed wire.

Zola (Tiny) Heller. He operated a profitable bookmaking establishment in Oakland until, according to the report, Kessel told him he'd have to pay protection money to keep from being knocked over by the State Attorney General's office. When he refused to pay, the report continues, he was knocked over. He now runs a small hotel and restaurant in Oakland.

Tom Kyne and Floyd Russel. The crime report noted that these "bet-

ting commissioners" have been doing business in San Francisco for years. Kyne's place is at 1 Opal place. Russel's, known as Corbett's, Inc., is at 15 Fremont street.

Emilio Georgetti, 54-year-old former meat packer, is the reputed gambling boss of San Mateo county. A longtime friend of Sheriff James J. McGrath, turned out of office by the voters at the recent election, Georgetti lives at 115 Castilian way in San Mateo.

Sam Termini, alias Sam Murray, came to California a few years back "with no more substantial assets than a reputation as a hoodlum and small-time gambler," according to the crime report. But by managing various gambling establishments for Georgetti, he did well for himself, soon putting more than



DAVID KESSEL

\$269,000 in a Hillsborough home. **Inez Burns**, notorious San Francisco abortionist, released last week from Tehachapi Prison. The report



JACK DRAGNA



DOROTHY McCREEDY



INEZ BURNS



WILLIAM PECHART

Gamblers, Bookies, Gangsters, An Abortionist---and Tax Agents

said information was given to the Bureau of Internal Revenue regarding \$300,000 she had that was unaccounted for in her books and tax receipts, but that the Bureau did nothing about it.

Dr. Charles B. Caldwell. He was tried for abortion-murder in San Francisco and acquitted, leaving town soon thereafter. The report said he, too, had \$300,000 the Bureau of Internal Revenue knew about.

Martin Hartmann, an ex-convict with a record as a swindler and bunco man going back for more than 25 years, who appeared to be pretty close to the Bureau of Internal Revenue. A friend and a business associate of **Patrick Mooney,** former chief field deputy in the office of the Collector of Internal Revenue in the Nevada dis-

trict.

Ernest M. Schino, chief field deputy in the office of the Collector of Internal Revenue, Northern California district. The crime commission wondered about his partnership with **Dorothy A. McCreedy** in Safety Step Sales Co. Apparently her tax troubles ("she has been a major figure in the prostitution racket in California for many years") were settled by the payment of back taxes without penalty and without criminal prosecution.

William D. Malloy, income tax deputy in charge of the Salinas office, later transferred to San Francisco. He is said to have helped **Anna B. Schultz,** alias "Tugboat Annie," with her taxes. She ran a house of prostitution in Salinas.

Mickey Cohen, notorious Southern California hoodlum. The commission wondered about his income tax payments, noting that he owns a \$200,000 mansion, several private autos, and once admitted to having "18 guys on my payroll at \$75 to \$100 a week each."

Joe Sica, of Burbank, who along with 13 fellow gangsters, was indicted by the Federal Grand Jury in Los Angeles on charges of possessing, selling and distributing heroin. But the Government's case collapsed when the main prosecution witness, Abraham Davidian, was murdered. The report said there is good reason to believe Sica's gang was connected with an abortion racket that at one time was said to be operating "with iron-clad protection."

Jack Dragna, 55-year-old produce



DR. CHARLES CALDWELL

dealer, whom the Crime Commission has called "the Al Capone of Los Angeles." A previous report accused him of being the kingpin of the Southern California underworld, an important figure in the supersecret "Mafia," and the man suspected of battling Mickey Cohen for control of rich rackets.

cont. Sub 11/14/50

8-Point Program Offered To Wipe Out Organized Evils

An eight-point program to wipe out organized crime in California, through collection of taxes and curtailment of facilities, is recommended by the State Crime Commission.

The commission's proposals represent long range goals, determined by its findings during two years of study of the state crime picture. The recommendations:

1—Establishment of a state agency with broad authority to investigate all types of tax frauds, supported by new legislation permitting effective civil and criminal prosecution.

2—Amendment of state income tax laws to prohibit the deduction of losses and expenses in criminal enterprises.

3—Investigation by the U.S. Senate Crime Committee of tax evasions by racketeers.

4—Amendment of federal income tax laws to prohibit the deduction of losses and expenses in criminal operations.

5—Federal laws to prohibit interstate transmission of racing and gambling information, the so-called "wire service."

6—Federal laws to prohibit the interstate transportation of slot machines and other gambling devices.

7—Amendment of the State Penal Code to give crime study commissions authority to summon and swear witnesses and subpoena evidence.

8—Formation of a new Crime Commission, with power to compel testimony and production of evidence.

Profits Linked To Tie-in With Some Officials

Professional criminals retain their profits from gambling and vice through "loopholes" in income tax laws and "relations" with Federal Internal Revenue Bureau agents, the State Crime Commission charged in a sensational final report, released today.

Laxity in tax collections has a "tremendously stimulating effect upon organized crime," the commission charged as it noted:

"There has never been a racketeer, hoodlum, or gangster of first rank importance convicted of income tax fraud in California."

Presenting evidence of huge profits from illegal operations in gambling, prostitution, and other rackets, the report charges that tax fraud cases have invariably been settled by compromise or have been allowed to die under the statute of limitations.

REPORT TO GOVERNOR

The report, filed with the State Board of Corrections by the commission, was formally transmitted to Governor Warren and to the State Senate and Assembly, as required by legislative directive.

Names appearing prominently in the report include: William Pechart, Dave Kessel, E. L. (Buster) Price, Sam Termini, Emilio Georgetti, and Elmer (Bones) Remmer, all of the Bay area.

Linked with the charges in the report are Ernest Michael Schino, chief field deputy in the San Francisco office of the Internal Revenue Bureau; William D. Malloy, another member of the San Francisco staff; and several Nevada agents.

Enforcement of Federal income tax laws against racketeers and hoodlums is complicated by the relationship "which has existed in not a few instances between this criminal element and certain officials in the Bureau of Internal Revenue," the report alleges.

pg 17



Four named by the Crime Commission as involved in a gambling protection feud are (left to right) William Pechart

and David Kessel, Contra Costa County; Elmer (Bones) Remmer, San Francisco, and Zola (Tiny) Heller, Oakland.

INCOME LEVY DODGING HELD BOON TO GANG PROFITS

Charging that failure to collect "just and lawful taxes" from racketeers and professional criminals has a "tremendously stimulating effect on organized crime," the State Crime Commission today disclosed lush profits from illegal operations.

Sam Termini, alias Sam Murray, who came to San Mateo County from Kansas City, via Reno, with "no more substantial assets than a reputation as a hoodlum and small-time gambler," moved in as manager of gambling establishments for Emilio Georgetti, gambling czar of the Peninsula county, for a 10 per cent cut of the profits, the report asserts.

During the years 1946 through 1948, Termini spent \$269,913 on a residence in San Mateo County, and still owes more than \$100,000, the report asserts. In one year, it declares, he paid contractors \$165,478, with all except one payment made in cash.

William Pechart, Contra Costa County gambler, occupies a "luxuriously furnished and elaborately equipped concrete fortress which cost more than \$200,000.

The structure could withstand a veritable siege and it gives every appearance of having been constructed and equipped with that possibility in mind," the report declares.

Mickey Cohen, Los Angeles mobster, spent more than \$200,000 on his home and claims to have "eighteen guys on my payroll at \$75 to \$100 a week each," while operating numerous expensive automobiles including an armored car.

Inez Burns, San Francisco abortionist, was found to have more than \$300,000 in undeclared cash.

Two public officials in Solano County, taking office as poor men, retired with extensive holdings in ranches and other tangible assets, the report cites.

Over a period of two or three years, Georgetti, the San Mateo County gambling king, purchased and cashed more than \$700,000 worth of cashier's checks, no part of which could be accounted for in his books and records.

The Cohen, Burns, Caldwell Solano County, and Georgetti cases were all extensively inves-

tigated by the Bureau of Internal Revenue, the commission report declared. None has resulted in tax fraud prosecutions.

The commission charges that in each instance, the amounts expended by racketeers are too great to be reasonably accounted for if income taxes had been paid on the proper amount.

It asserts that if federal and state taxes are paid, and if due allowance is made for modest living expense, it would take an annual income of not less than \$26,000 for 10 years to accumulate \$50,000; \$85,000 a year for 10

years to accumulate \$100,000; \$600,000 a year for 10 years for \$250,000; and not less than \$1,270,000 a year for 10 years to accumulate \$500,000.

Yet Termini, the report notes, paid \$165,478 in a single year on his home alone, an amount which would indicate his total income, if full taxes had been paid, would have been close to \$1,000,000.

"A one-tenth interest in gambling enterprises in San Mateo county is no-doubt lucrative," the report comments, "but it is preposterous to conclude that it is that profitable."

Racket Protection Attempts in 16 Counties Disclosed in Report

Evidence of attempts to organize a state-wide racket protection system was uncovered in no less than 16 California counties, the State Crime Commission reported today, in a review of its activities during the past two years.

Involved were shakedown attempts on gambling, prostitution and narcotics during the period 1947 to 1950. In virtually all cases, the representation was made that protection was available for purchase from the attorney general's office, the report asserts.

Throughout the summary, the name of Wiley (Buck) Caddel,

former special agent for Attorney General Fred Howser, appears frequently. Caddel was convicted of conspiracy to set up a protected slot machine ring in Mendocino County.

The commission details reports of shakedowns on gambling in Contra Costa, Alameda, Placer, Tuolumne, and San Mateo Counties; on gambling and prostitution in Amador, Butte and Fresno Counties; on slot machines in Santa Cruz, San Luis Obispo, Nevada, Kern, Yuba and Mendocino Counties, and on punchboards in San Bernardino and Sonoma Counties.

Oakland Tribune, Tuesday, Nov. 14, 1950

Oak Hills 11/14/50

TAX FRAUDS CITED

The commission recognizes that present income tax laws are inadequate, in that they permit professional criminals to charge off their operating expenses as deductions. But it cites case after case in which apparent tax frauds have been settled by nominal payments, without penalty and without criminal prosecution.

The commission urges the U.S. Senate Crime Committee to "inquire into the flood of profits from organized crime, with particular attention as to why it ap-

Continued Page 2, Col. 1

pears to be possible for such profits to escape in large part the effect of Federal taxation."

The Senate Committee is scheduled to conduct hearings here this week into connections between local crime and National syndicates.

Organized crime can be taxed out of existence, the commission declares.

"If a business is illegitimate, no expense incurred in carrying it on should be considered legitimate, even for tax purposes," it suggests.

STATE AGENCY URGED

"Professional criminals are in business for profit," the report notes. "Lucrative and highly attractive criminal activities, if properly taxed, would be unprofitable, dangerous, and quite unattractive."

Noting that the State of California has no effective agency for the investigation of tax frauds, the commission recommends new legislation to authorize formation of an administrative unit with broad powers to investigate and prosecute all types of tax evasions.

In income tax matters, the report asserts, the State usually follows the lead of the Federal Internal Revenue Bureau and consequently loses hundreds of thousands of dollars each year which might be collected from professional criminals.

Amendment of both Federal and State income tax laws to prohibit deductions for expenditures in unlawful operations is urged.

'NO SUBSTITUTE'

The commission emphasizes that "the collection of taxes, is, of course, no substitute for energetic, efficient, honest law enforcement."

But it observes that "tax enforcement tends to strengthen local law enforcement."

Among measures declared necessary to curb organized crime which crosses state lines are Federal laws to prohibit the transmission of "wire service" to horse race bookmakers and sports gamblers, and to prohibit the interstate transportation of slot machines and other gambling devices. Both are now under consideration in Congress.

The Crime Commission report is the last in a series of four prepared by a study group appointed by Gov. Earl Warren in 1948. The

commission disbanded in June of this year.

Serving on the commission were Admiral William H. Standley, U.S.N. ret., chairman; Gerald H. Hagar, Oakland attorney; William M. Jeffers, former president of the Union Pacific Railroad and U.S. rubber co-ordinator during World War II; Gen. Kenyon A. Joyce, U.S.A. ret.; and Harvey S. Mudd, mining engineer.

The commission staff included Warren Olney III, chief counsel; Arthur H. Sherry, assistant district attorney of Alameda County, assistant counsel; H. G. Robinson, chief investigator; and Virgil J. Wolfe, Thomas P. Judge, and H. R. Van Brunt, investigators. Robinson is now serving as chief investigator for the Senate Crime Committee.

FOUR SECTIONS

The final report is divided into four sections. The first reviews efforts to set up a State-wide racket protection system, already disclosed in great part in previous reports. Part II is a broad discussion of organized crime in California, and Part III is devoted to the taxation of organized crime. Recommendations are contained in Part IV.

The commission notes that as study group, it has lacked the authority to subpoena witnesses and compel the disclosure of records. It recommends the formation of new Crime Commission, with adequate authority.



Elmer (Bones) Remmer, beefy pretender to bossdom of Bay Area gambling, was named today by the Crime Commission as the man who "muscle in" on the Wagon Wheel after Fred N. Howser's election as attorney general. Remmer, whose Menlo Club was closed by Dist. Atty. Edmund G. Brown, was also identified as a boaster of how he was going to cheat the Federal Government out of income tax payments.



William N. Pechart, Contra Costa County gambling overlord, ruler of El Cerrito's "No Man's Land." According to the Crime Commission, he joined forces with Remmer to attempt to grab "a cut" of all major Northern California gambling enterprises after knuckling under to Remmer's demand for a "piece" of the Wagon Wheel.

★



David N. Kessel, resident of a well-protected Piedmont mansion, identified in the rackets report as having tricked Zola (Tiny) Heller, longtime Oakland betting commissioner, into being raided by an attorney general's agent—whereupon one of Kessel's colleagues took over his "business." Heller had refused to pay graft.

★



Tiny Heller, Oakland betting commissioner. He turned down a demand that he pay protection money in the name of the attorney general. Shortly afterward his establishment was raided, Heller was tried, convicted, and put out of business permanently. But similar betting parlors operate in San Francisco, the report notes.

California Racketeers Unmasked By Crime Board's Report

What Will \$20,000,000,000 Buy?

How much money is 20 billion dollars, the amount estimated by the California Crime Commission to be the annual "take" of nationwide racket syndicates?

ANSWERS:

Approximately the entire financial cost of American participation in World War I.

About half the present Federal budget, and 20 times the California state budget.

The approximate price of 20 great railroad systems like the Southern Pacific.

Three billion dollars more than the current annual national expenditure for the Department of Defense and the Marshall Plan.

Enough to buy the total assets of the General Motors, General Electric, United States Steel, and American Telephone & Telegraph Cos.—with enough left over to pick up most of the other "blue chip" stocks of American industry.

Enough to buy every inch of ground, every building and all personal property in 10 San Franciscos.

20 Billion Dollars Annual Take in U. S.

Underworld Cheats Both Nation and California Of Fabulous Amount in Income Taxes

By Al Ostrow

Naming names and pulling no punches, Governor Earl Warren's Commission on Organized Crime today made public a final report which:

1.—Estimated the nationwide income of racket syndicates as more than 20 billion dollars a year—roughly half the annual Federal Government budget.

2.—Declared that the underworld cheats both Uncle Sam and the State out of a fabulous amount of income taxes.

3.—Accused the Federal Bureau of Internal Revenue, once the nemesis of gangsterism, with fostering the growth of big-time racketeering through laxity, favoritism and corruption in enforcement of tax laws.

4.—Declared that Ernest M. Schino, chief field deputy in the San Francisco office of the the Collector of Internal Revenue was a partner in the Safety Step Sales Co. with a notorious woman white-slaver whose income tax troubles

had been settled without criminal prosecution.

5.—Charged that a former internal revenue official in Nevada, who admitted preparing tax returns for Elmer (Bones) Remmer, beefy would-be boss of the San Francisco Tenderloin, had specialized in peddling worthless mining stock to people with tax problems.

CALLED ASSOCIATE

6.—Named Emilio (Gombo) Georgetti, hoarse-voiced sufferer from cancer of the throat, and his associate in San Mateo County gambling, Sam Termini, alias Sam Murray, as probable tax evaders, along with Inez Burns, former San Francisco abortion queen; Dr. Charles Caldwell, acquitted of abortion mill charges here; Mickey Cohen, the dapper and loquacious Los Angeles mobster; Remmer, and others.

Turn to
Editorial
Page for
Comment
on This
Article.

7.—Accused Remmer of "muscling in" on the lush profits of the Wagon Wheel, major Contra Costa County gambling joint, by claiming an "in" with Fred N. Howser, lame duck attorney general repudiated by the voters last June.

8.—Declared that Remmer, in cahoots with William N. Pechart and David Kessel, long-time East Bay gambling czars, had attempted to seize control of all major Northern California gambling enterprises.

PAYOFF DEMANDS CITED

9.—Affirmed that a bold attempt had been made to establish a statewide racket empire during the past three years, citing payoff demands in at least 16 counties by characters claiming to represent the attorney general.

10.—Charged Mr. Howser with fiercely resisting efforts of other officials to smash such rackets, and with dismal failure in the attorney general's constitutional function as California's chief law enforcement executive.

11.—Spotlighted a connection between a narcotics syndicate which escaped prosecution through the murder of a Government witness and an abortion ring which provided private plane service for its clients from San Francisco and valley points to operating tables in Los Angeles.

12.—Named Charles Binaggio, recently murdered Kansas City gangster-politician, as a partner with Termini in a Tahoe gambling venture underwritten by the Reconstruction Finance Corp.

'SNYDER LIED'

13.—Accused Secy. of the Treasury John Snyder of lying to Mayor Fletcher Bowron of Los Angeles about income tax prosecutions of a multi million dollar Southern California bookie syndicate.

14.—Declared that American Crime Board Unmasks Rackets, Racketeers

(Concluded From Page 1)

democracy and the security of the average citizen are imperiled by growing concentrations of wealth and political power in the hands of a hoodlum element.

15.—Rapped the Federal Government for a "national scandal" in the release of four Capone gangsters from prison after serving only 6 months of 10-year sentences for extorting more than a million dollars from Hollywood movie studios, and observed that very few "professional criminals" are behind bars in this country.

16.—Demanded an all-out offensive against the underworld, with national and state tax laws employed to strangle the racket empires by making crime unprofitable.

17.—Suggested that California set up its own state income tax intelligence unit, and cease dependence on the Federal Bureau of Internal Revenue to catch evaders.

18.—Advised that a new Crime Commission be created to probe underworld activities in the realm of "legitimate business" and labor unions, as well as gambling and politics, and urged that the new body be armed with power to compel testimony and production of books and records.

EXPLOSIVE RESULTS

The tightly written 60-page report, climax of investigations covering 2½ years, hit political, law enforcement and underworld circles like a series of blockbuster explosions.

It was the final salvo of the blue Ribbon commission headed by 77-year-old Adm. William H. Standley of San Diego, retired former boss of the battle fleet and wartime ambassador to Moscow. Other members were Gen. Kenyon A. Joyce of San Francisco, wartime chief of the 9th Service Command; William M. Jeffers of Los Angeles, wartime rubber administrator and former president of the Union Pacific Railroad; Gerald H. Hagar of Oakland, past president of the State Bar Association, and Harvey S. Mudd of Los Angeles, wealthy philanthropist, mining engineer, and president of the Pacific Alkali Co.

In the words of Adm. Standley, "all of us have our futures behind us, so we could call the shots as we saw them."

KEFAUVER INTERESTED

The dynamic, fact-packed report produced immediate nationwide repercussions, including:

1.—The U. S. Senate special crime investigating committee, headed by Senator Estes Kefauver (D. Tenn.), requested copies for study. The Kefauver committee opens a series of West Coast hearings at Las Vegas tomorrow. Other sessions are scheduled for Los Angeles and San Francisco.

2.—Governor Warren, who helped guide the Crime Commission's course, began drafting plans for legislative action to carry out its recommendations. His program will be presented to the Legislature which convenes in January.

3.—Dist. Atty. Edmund G. (Pat) Brown of San Francisco, elected to succeed Mr. Howser as attorney general, announced general agreement with the commission's findings and the governor's program.

However, Mr. Brown opposed setting up a permanent Crime Commission, declaring that he, as attorney general, was prepared to direct investigations which would make the climate so "sizzling" that no rackets could flourish in California.

4.—Chief Asst. Dist. Atty. Thomas C. Lynch, whom Mayor Elmer E. Robinson plans to appoint district attorney when Mr. Brown resigns Dec. 1, studied the report for possible leads to local prosecutions.

COLLECTOR FITS BACK

5.—James G. Smyth, collector of internal revenue for the Northern California district, replied to the lambasting of his bureau by pointing out that the individuals named were civil service jobholders, the policies objected to were imposed by higher authority and the tax courts, and final decision whether or not to prosecute for income tax evasion rests with the U. S. Department of Justice, not the Treasury Department.

6.—Frank Hennessy, U. S. attorney for the Northern California district, declared his office had prosecuted every income tax case referred to it by the Attorney General in Washington, obtaining a high percentage of convictions.

Mr. Howser had his say yesterday, when, in his swan song report as attorney general, he denounced the Crime Commission for usurping his authority, wasting public funds, giving the impression that California was racket-ridden and performing a "disservice" to the state.

Although Mr. Howser accused Adm. Standley's board of blackening the reputations of all California law enforcement officials by its attacks on his office, the Crime Commission's final report went out of its way to compliment the overwhelming majority of local police, sheriffs and district attorneys who had assisted its progress. It cited valuable information and assistance provided by the San Francisco and Los Angeles Police Departments, and by Mr. Lynch.

Recognizing that their report might create a contrary impression, the commissioners pointed out that the California rackets situation is about the same as that of compar-

able states—but the menace of organized crime is major and nationwide.

Following is a summary of the report:

The first attempt in California history to organize a statewide system of protection payoffs, with gamblers and other racketeers shunted down to "pay regular tribute to persons who were represented as being connected with the office of the attorney general" was made in the past three years.

The broad outline of the scheme was described to Mr. Lynch in March, 1947, by E. L. (Buster) Price, a professional gambler who said Bones Remmer had cheated him out of his earnings from managing the Cal-Neva resort at Lake Tahoe, and was now putting the squeeze on his interest in the Wagon Wheel. In an interview at El Cerrito, Price declared that Remmer had told him and Bill Pechart that he (Remmer) had been a heavy contributor to Mr. Howser's campaign fund. Now that Mr. Howser was elected, Price said, Remmer declared he was going to "take over" and "cut himself in" for half the take of gambling joints permitted to operate.

Op 21

SHAKEDOWN RESISTED

Tiny Heller, Oakland betting commissioner, was propositioned by Dave Kessel to start paying off. He refused, and shut down. Tricked by Kessel into reopening, he was "knocked over" by an agent of the attorney general, and convicted of gambling.

"Betting businesses similar to Heller's except for being bigger and better known, were being operated across the bay in San Francisco at Corbett's Inc., 15 Fremont-st. and at Tom Kyne's, 1 Opal-pl." the commission noted. "Both of these establishments have continued to operate."

Throughout the state, including San Mateo County, furtive gentry demanded shakedowns from persons engaged in illegal and borderline enterprises, claiming the money was for protection against raids by the attorney general's agents. The Crime Commission assisted some local authorities in resisting and prosecuting such racket attempts. Mr. Howser threw "the full power and authority" of

his office behind the defense. One of his agents was convicted of gambling conspiracy, some members of his staff resigned under fire, and Mr. Howser himself was defeated for re-election in the primaries.

BOOKIE MONOPOLY BROKEN

The Crime Commission was successful in breaking up "the monopolistic aspect" of the bookie racket in California by obtaining a Public Utilities Commission order banning the nationwide horse race betting wire service from this state. Similarly, the slot machine racket was struck a hard blow by enactment of a new law making mere possession of one armed bandit a criminal offense.

Prosecution of the Joe Sica narcotics gang, with headquarters in Los Angeles and connections throughout the state, was blocked by the Fresno murder of Abe Davidson, the dope peddler who "told all" before a Federal Grand Jury. But checks of phone calls from the gang's headquarters indicated contacts with houses of prostitution throughout the West, and a possible tie-in with a statewide abortion racket.

RACKETEERS DODGE TAXES

The profits of organized crime are enhanced by tax dodging. No major California racketeer has ever been prosecuted for Federal income tax evasion—despite Secretary Snyder's statement to the contrary, and also despite numerous "leads" turned over to internal revenue agents by the Crime Commission and local law enforcement officials.

These included tips that Sam Murray had paid most of \$269,913 for his Hillsborough mansion in spot cash; that Combo Georgetti had purchased and cashed more than \$700,000 in cashier's checks not accounted for in his records; that Ives Burns had more than \$500,000 in unaccounted cash when arrested; that Dr. Caldwell had about \$300,000 not shown in his tax returns; that two Solano County officials with small salaries, who were poor men when elected, had suddenly acquired ranches and wealth.

'PROSECUTION BLOCKED'

The commission accused the Internal Revenue Bureau of closing the door against prosecution of kingpins of the Guarantee Finance Co. of Los Angeles, convicted as the false front for a vast betting syndicate by accepting a civil settlement. The settlement was made a year before Secretary Snyder wrote Mayor Bowron that prosecutions were pending.

Mr. Schino, the report charged, was a partner of Mrs. Dorothy McCreehy wife of a tenderloin hotel owner, in the Safety Step Sales Co. The commission identified her as "a convicted white slaver" who once operated large houses of ill fame in Honolulu and parts of California. She was formerly involved in transportation of prostitutes from San Francisco to Hawaii. The commission implied that Mr. Schino might have aided in straightening out her income tax difficulties.

'COULDN'T FIX ANYTHING'

(This implication was scoffed at by Mr. Schino's boss, Mr. Smyth. Mr. Schino, he said, had chiefly administrative duties, and "couldn't fix anything for anybody, even if he wanted to." The chief field deputy, Mr. Smyth added, had been cleared by a departmental investigation, and was apparently guilty of "nothing more than indiscretion in his choice of friends.")

(Mr. Schino, the collector said, had been a college classmate of Mrs. McCreehy's husband. The chief field deputy, he said, had only a

small investment in Mrs. McCreehy's firm.)

The Crime Commission said an Internal Revenue Bureau investigation of how William D. Malloy, deputy in charge of its Salinas office, had accepted \$500 from a madame with tax troubles resulted in his being compelled to return the cash, and being "disciplined" by transfer to the San Francisco office.

STOCK SALES CITED

Internal revenue personnel, the report continued, frequently engage in outside business activities which either conflict or conveniently coincide—depending on the viewpoint—with their official duties. It cited sales of stock in the Mountain City Consolidated Copper Co., to Las Vegas and San Francisco gamblers and abortionists with pending tax cases by Patrick Mooney, recently retired as chief field deputy for the Nevada district of the Internal Revenue Bureau. (This district is outside Mr. Smyth's jurisdiction.)

Mr. Mooney was the organizer, principal promoter and general manager of the mining firm, a "paper organization which has never produced a ton of ore." (The company is not to be confused with the Mountain City Copper Co., a thoroughly legitimate enterprise.)

The commission rapped the Internal Revenue Bureau for permitting gamblers to take tax deductions for "business expenses." Gambling rackets could be choked to death if denied this privilege, since the racketeers would be required to pay greater income taxes than their "take-home pay."

(Mr. Smyth said the tax courts have held that bribery payments are not deductible, but some other costs of doing business—even an illegal business—are.)

CRACKDOWN URGED

Most of its own year's budget was regained by the state through unpaid taxes collected through its efforts from the Guarantee Finance Co., the commission reported. It advised that the state crackdown on racketeers and increase its revenues by rigid enforcement of the income tax laws; that both state and national laws be amended "so

enterprises cannot be deducted for income tax purposes"; that Congress outlaw the bookie wire service on a national basis, and prohibit the interstate transportation of slot machines, and that a new Crime Commission be created "with authority to use compulsory process for the production of evidence" to study further means of making "organized criminal activity unprofitable and unsafe."

STAFF COMMENDED

In view of the Crime Commission's lack of police powers and ability to compel testimony, the success of its investigations is a tribute to the skill of its six-man full-time staff. The staff consisted of Warren Olney III, chief counsel, a San Francisco attorney who served as a wartime Marine intelligence officer; Arthur H. Sherry, assistant counsel, now back at his job as Alameda County assistant district attorney; Harold G. Robinson of Burlingame, chief investigator, who now holds a sim-

ilar post with the Kefauver crime committee; Virgil Wolfe and H. R. Van Brunt, former FBI agents, and

Thomas P. Judge, borrowed from the investigative staff of the State Department of Employment.

*San Francisco News
Nov 14, 1950*

Tax Collector Defends Staff, Cites Record

Smyth in Answer To Board's Charges

James G. Smyth, Northern California collector of internal revenue, today defended his office against charges by the California Commission on Organized Crime that it had failed to institute income tax prosecutions against notorious racketeers.



SMYTH

"We've collected a fortune in back taxes and penalties from Inez Burns," he said. "But as a matter of policy, we don't prosecute people who are already in jail." Mrs. Burns was paroled from Tehachapi Prison last week.

Mr. Smyth said that income tax investigations of other Bay Area underworld figures named in the Crime Commission report are still in progress. He pointed out that the Treasury Department, when it completes such an investigation, passes its findings along to the U. S. Department of Justice in Washington, which then decides whether or not to seek a Grand Jury indictment.

"There are hundreds of cases in the Justice Department right now," the collector asserted.

COLLECTING JOB ONLY

His own bureau, he said, has the primary job of collecting taxes due the Federal Government. When gamblers or racketeers "come in with good books, kept by expert accountants," Mr. Smyth continued, his bureau has no choice but to accept their tax money on that basis.

Remmer, Pechart and Kessel Named In Final Report of Commission

Today's Crime Commission report turned a fleeting spotlight on this assortment of Bay Area characters:

ELMER F. (BONES) REMMER, mountainous gambler who likes his liquor, but doesn't always hold it too well. He graduated into the gambling big-time when Bill Graham and James McKay, Reno gambling tycoons, went to Leavenworth Federal Penitentiary for their part in an international racket which lured suckers to Nevada for fleecing. They put Remmer in charge of their enterprises, including Cal-Neva Lodge at Lake Tahoe, while they were behind bars. Remmer's Menlo Club on Turk-st was closed by Dist. Atty. Edmund G. (Pat) Brown. He still has interests in various tenderloin saloons and other enterprises. He once ran a flourishing betting business from a Mason-st store.

WILLIAM N. (BIG BILL) PECHART, Contra Costa County gambling boss, who lives in a fortress-like home over a store in El Cerrito, a stone's throw from "No Man's Land," the section of Panhandle-dr just off San Pablo-av on which sits the notorious Wagon Wheel. Now 60 years old and several times a millionaire, Pechart was born in Salt Lake City, where he did his first gambling rolling sugar cubes marked as dice. He rarely leaves the vicinity of his gambling empire.

DAVID N. KESSEL, Pechart's partner, who lives in a beautifully landscaped Spanish type mansion at 283 St. James-dr, Piedmont, formerly occupied by Max Baer. A high steel fence topped with barbed wire screens the rear of his prem-

ises. A dapper frequenter of prize-fights and other sports events, Kessel doesn't like to discuss his enterprises—"my business is none of your business," he says. He and his partner have reportedly been victimized by burglars and robbers several times.

ZOLA (TINY) HELLER, strapping good-natured expert on odds, former Oakland betting commissioner put out of business after he refused to pay graft. He now runs a small hotel and restaurant, with a cardroom attached, in Oakland. Tiny, a generous contributor to many charities, was also a "soft touch" for friends—"when he had it." He doesn't have "it" any more.

TOM KYNE and **FLOYD RUSSEL** (he runs Corbett's, Inc.), San Francisco "betting commissioners." The Crime Commission noted that their business operations, larger than Heller's, have continued without interruption.

SAM TERMINI, alias **SAM MURRAY**, former newsboy and friend of Charles Binaggio, bumped off Kansas City politician-gangster. Sam lives in a luxurious Hillsborough mansion with a series of locked gates and a high wall which cost a pretty penny, and which some contractors charged in lawsuits wasn't too quick to pay for. His home on Black Mountain-dr is more difficult to get into than the mint. He also has a business office on Seventh-st in San Francisco.

EMILIO (GOMBO) GEORGETTI, who rarely speaks above a whisper, named as the long-time boss of San Mateo County gambling, and the former employer of Sam Termini. Gombo is an old friend of Sheriff James J. McGrath, deposed in last Tuesday's election. He lives at 115 Castillian-way, San Mateo. Fifty-four years old and a former meat packer, he was an immigrant from Italy in 1913.

INEZ BURNS, wife of former Assemblyman Joseph Burns, released on parole from Tehachapi Prison last week. She was convicted of operating San Francisco's oldest, longest established abortion mill.

DR. CHARLES B. CALDWELL, who left town after being acquitted of an abortion accusation. The Crime Commission said he had \$300,000 cash not accounted for in his tax returns.

E. L. (BUSTER) PRICE, professional gambler who once had interests in Cal-Neva and the Wagon Wheel. He dropped from sight after attempting to blow the whistle on Bones Remmer.

MARTIN HARTMANN, ex-convict bunco artist, named as a stock salesman for a Nevada mining

San Francisco News
11/14/50

Bq 23

company which didn't produce much ore. However, stock purchasers were promised that they'd have fewer income tax difficulties.

DOROTHY A. MCCREEDY, wife of a tenderloin hotel owner, designated as the operator of two large Honolulu houses of prostitution during World War II. The Crime Commission said she was a partner of Ernest M. Schino, bachelor chief field deputy of the Internal Revenue Bureau, in Safety Step Sales Co.

EDGAR S. PIPPIN, former Richmond private detective, now a fugitive from justice. He is charged

with popping up in Butte County with a purported letter of recommendation from Atty. Gen. Fred N. Howser, becoming a deputy sheriff, and proceeding to set up a system of collecting protection payments from persistent lawbreakers,

3F NEW > 11/14/50

*Berkeley Daily Gazette
11/14/50*

By WILLIAM H. ALLEN

SACRAMENTO, Nov. 14 (AP) — The story of a unique attempt — apparently unsuccessful — to organize a Statewide system of racket protection in California "under the cloak of the attorney general's office" was told today by the State Crime Commission on Organized Crime.

"A melancholy chapter in our history," the commission called the effort which it said began in 1947, the year Fred N. Howser became attorney general.

The commission accused Howser of failing to cooperate in its investigation and indeed actively opposing it on occasion.

"Repeatedly," the commission charged, "the attorney general sent to investigate the incidents reported to him the very investigators whose names had been mentioned as personally involved."

Howser, a Republican, was defeated for re-election in the June primary this year. Edmund G. (Pat) Brown, a Democrat, will succeed him in January. In his final report, Howser blasted the commission and criticized it for trying to steal his police powers "under the protective aegis of the chief executive of this State"—Governor Warren.

DEFUNCT COMMISSION

This, the last report of the Warren-appointed commission, was in large part a summary of three progress reports on organized crime and racketeering. The commission went out of existence June 30.

Although it found the Statewide protection plan has not succeeded and that the "dike of local law enforcement" against organized criminals is "mainly sound," the special study commission recommended:

That a new commission be appointed with authority to force witnesses to appear at hearings and testify.

The old commission lacked that power and had to get much of its information from local law enforcement agencies.

Evidence of the Statewide protection scheme came from 16 of California's 58 counties, the commission said.

Among them, as reported by the commission:

Kern—

BAKERSFIELD SCANDAL

Where the former chief of police of Bakersfield, Robert C. Knight, testified of two men he said approached him with the idea of organizing a system of protection in the county for slot machines, house gambling and prostitution.

"They said they were representing the attorney general of State of California, Fred Howser. They named him directly. They didn't pull no punches. . . ."

The two men, Knight said, were Wiley H. "Buck" Caddell, Howser's special agent, convicted of bribe conspiracy in Mendocino County, and Jack Molina, retired Los Angeles policeman.

Fresno —

Here, the commission said, Mayor Gordon G. Dunn and his secretary were approached with an elaborate scheme — involving a defunct silver fox fur farm corporation — for protecting gambling and prostitution in Fresno City.

Dunn and his secretary testified the plan was worked out and proposed to them by Robert Franklin, Fresno public relations man. The commission identified Franklin as campaign manager for Howser in 1946 and again this year.

OTHER COUNTIES

And from other counties — Amador, Tuolumne, Placer, San Mateo, Butte, Santa Cruz, Yuba, Mendocino, Nevada, San Luis Obispo, and San Bernardino — similar incidents are related:

Of gamblers or law enforcement officers being approached by Cad-

del or somebody else representing himself as from or with the approval of the attorney general's agent with a plan for gambling and vice protection.

In Butte County, the commission said, a scheme for protecting gambling and prostitution worked for a while. It was broken up by indictments and prosecution, which resulted in several convictions.

"Regular collections" were taken by "a certain public employee from slot machine operators" in Nevada County over a considerable period of time, the commission said. "Under the representation of the amounts paid, half was for local officials, half for the attorney general's office."

"An indulgent jury," the commission said, in Sonoma County, acquitted three men whom the commission called "participants in the branded punchboard racket."

Of their trial the report says:

"The prosecution's evidence showed that these three men, sometimes together and sometimes separately and in many different parts of the State, represented they had the authority and the approval of the attorney general's office in setting up a system of protected operation of the boards in return for the payment of graft."

EL CERRITO GAMBLING

Another incident involves Elmer "Bones" Remmer, San Francisco gambler, and two Contra Costa County gamblers, E. L. "Buster" Price and William Pechart.

Price, the commission said, complained early in 1947 that Remmer was demanding 50 per cent of the profits from the Wagon Wheel, Contra Costa County gambling place in El Cerrito. Price is quoted as saying that Remmer threatened to close the place through his influence with the attorney general's office, if he didn't get the money.

Price related to Assistant San Francisco District Attorney Thomas C. Lynch that Remmer told him and Pechart in October, 1946, that he, Remmer, was contributing heavily to elect Howser and that when Howser got in, he was going to take over. Pechart told Lynch the payments were being made, although he denied the money was going to Remmer.

That incident, the commission said, seems to be related to a later one—the arrest by an attorney general's agent of Tiny Heller, a one-time betting commissioner in Oakland.

TINY HELLER CASE

Heller had refused a demand by Dave Kessel that he pay him 50 per cent of his profits to be permitted to operate. Kessel, the commission said, told Heller he and Pechart were members of the group which

BF 24

Persistent Efforts Made To Set 'Fix' for Gambling

*Cont. Daily Gazette
Nov 14/1950*

included Remmer who were going to control Northern California gambling through the attorney general's office.

After Heller was convicted, the report continues, Jack Roland, "a gambler from Oregon," was selected by Kessel to try to pick up Heller's business. Apparently with some success, the commission adds, as indicated by business telephone charges of \$7915.12 in 1948.

It was well-known, the commission declares, that Pechart and Kessel, through Roland, were taking over and operating the business from which Heller had been eliminated, but:

"No action was ever taken in Contra Costa County by the attorney general or by anyone else to arrest the new operators.

"It should be noted here that only Heller, who had defiantly refused to pay for State protection, was arrested by the attorney general's men."

FAVORABLE COMPARISON

The commission, taking an overall view concludes that organized crime conditions in California compare "favorably with those in other states."

Cutting off the wire service to bookies in 1948 has made the organization of bookmakers "far more difficult than formerly."

The new State law prohibiting possession of slot machines has been pretty effective: "The slot machine racket is far less of a criminal menace in California than it used to be."

But there are still some things that need looking into:

Like the connections of criminal gangs with "legitimate business or what appear to be legitimate businesses."

"For example," says the commission, "in the gang associated with Jack Dragna, there are known criminals who are also active in cheese, fruit, olive oil, candy, wine, liquor, clothing and many other businesses.

"Some of them are apparently active in certain labor unions. There appears to be good reason to believe that these activities have a direct bearing on organized crime."

Attorney General's Name Used to Exact Tribute From State Gamblers, Prostitutes

(Here is history in the making—the final report of the California Commission on Organized Crime, spelling out the facts and figures of criminal efforts to create a racket empire in the Golden State, shouting the menace to American democracy of billions of dollars and great political power in the hands of a ruthless underworld.

(Because of the tremendous importance of this report to every Californian—and also because it makes fascinating reading—The San Francisco News is publishing the full text in four installments. Following is the first salvo in Admiral William H. Standley's final salute to the would-be racket rulers of California.

(The News is proud of the leading part it took in the successful campaign to save the Crime Commission from assassination by its legislative foes. The success of this newspaper's editorial fight for continuation of the commission until it could complete the major phase of its herculean task made today's dramatic final report possible.—The Editor.)

PART I

THE ATTEMPT TO ORGANIZE A STATE-WIDE SYSTEM OF RACKET PROTECTION 1947-1950

The years 1947 to 1950 have witnessed a persistent attempt to organize a system of state-wide protection for the operation of criminal rackets in California with primary emphasis the gambling racket.

This is something unique in the history of the state. In the 100 years of the state's existence, there have been from time to time in the cities and in the counties of California attempts to organize systems of local protection for gambling, prostitution, the narcotics traffic, and other activities prohibited by law.

Occasionally and for brief periods such attempts have been successful, or partially successful, but more often than not they have ended in disaster for their originators. But never before has an attempt been made to organize a state-wide system of protection for any racket.

Although from the first day of the commission's existence reports were received to the effect that racketeers, and particularly gamblers in several parts of the state, were being told by some one that in order to avoid interference, they must pay regular tribute to persons who were represented as being connected with the Office of the Attorney General of the State, it was many months, and only after the receipt of a very large amount of evidence on this subject coming from many widely separated places, that the commission became convinced that an actual attempt was being made to organize a statewide system of protection for rackets.

Concerning this attempt a great deal remains unknown, and in all probability will remain unknown, unless, perhaps, one of the convicted participants should make a subsequent confession.

BP 25

But enough evidence has been obtained and confirmed by judgments in the criminal courts to establish beyond reasonable question the existence of a plan and the persistent attempt, pursuant to plan, to set up a system of statewide racket protection.

Evidence of the attempt to organize a statewide system of racket protection appeared in no less than 16 counties.

One of the earliest of these incidents and one of the first reported to the commission occurred in Contra Costa County.

During the early part of the year 1947 District Attorney Edmund G. Brown of San Francisco was engaged in the prosecution of the notorious Elmer "Bones" Remmer, on a charge of maintaining the Menlo Club in San Francisco as a public gaming house.

On March 4, 1947, Assistant District Attorney Thomas C. Lynch, accompanied by a San Francisco police officer, called at the residence of E. L. "Buster" Price, a professional gambler in El Cerrito, Contra Costa County. This visit was in response to a telephone call from Price, stating that he had important information concerning Remmer which he wished to disclose.

Upon arrival, the San Francisco men found not only Price but William Pechart, Contra Costa County gambler, as well, and Pechart remained through the whole meeting which lasted several hours.

The gist of Price's complaint was to the effect that Bones Remmer was demanding 50 per cent of the profits from the operation of the Wagon Wheel, a gambling establishment in Contra Costa County, in default of which he threatened to close the place through his influence with the attorney general's office.

Price stated to Lynch that in 1946 he had purchased a 10 per cent interest from Bones Remmer in the gambling casino called Cal-Neva Lodge on Lake Tahoe for \$30,000 and that Pechart had advanced a large part of the money to Price for this purpose. Price stated that he had agreed to manage the casino for Remmer and that in return for these services and his \$30,000 investment he was to receive 10 per cent of the profit.

Price told Lynch that he did manage the establishment during the months of July, August and September, 1946, and that the gross profit was in excess of \$600,000 and the net profit was approximately \$238,000 of which his share was \$23,800.

Price complained that Remmer had refused to pay him his 10 per cent; that Remmer stated the amount he would give him depended upon how much he could "cheat the Government out of in taxes."

This, according to Price's statement to Lynch, was his first experience with Remmer, but was not the main basis of his complaint.

Price told the San Francisco men that for some time past he had been a partner with Pechart in the Wagon Wheel in which a race horse book and a barboot game were in operation under an arrangement in which Price was to receive 20 per cent of the net profits.

The fact of this arrangement was confirmed to Lynch by Pechart.

Price told Lynch that Remmer had told him and Pechart in October, 1946, that he, Remmer, was contributing a lot of money to elect Fred N. Howser attorney general, and that when this was accomplished, he, Remmer, was going to "take over."

Remmer had said that he was going to be in charge of all gambling in certain counties and that he was going to "cut himself in" for 50 per cent of the profits of those establishments permitted to operate.

Price stated to Lynch that only a few days before the interview with the San Francisco men a representative of Remmer, known to Pechart and Price as "Andrew," called on them to tell them that Remmer was cutting himself in for 50 per cent of the net profits of the Wagon Wheel, and as a result Price's interest in the profits was being reduced from 20 per cent to 10 per cent and Pechart's interest was being reduced pro rata.

Price's statements were confirmed to Lynch by Pechart to the extent of admitting that he was indeed turning over 50 per cent of the net profits of the Wagon Wheel to "Andrew."

Pechart denied, however, that the money was going to Remmer, notwithstanding Price's insistence that such was the case. Price told Lynch he wanted the San Francisco men to expose Remmer and his connections with the attorney general's office and was willing to see the Wagon Wheel closed down

for good rather than lose a half of his business to Remmer and see him take over gambling in all the northern counties of the state.

At the time there was nothing the San Francisco men could do about this curious incident. But subsequently, when the commission was created, it was fully reported. It appears to be related to what happened later.

TINY HELLER CASE

In Alameda County, one Tiny Heller had for many years been openly operating, in the city of Oakland, a betting commission business, handling bets on baseball, football, basketball games and other sporting events. In the fall of 1947 Heller was told by local authorities that his business was illegal and would not be tolerated further. He closed. According to the report made by Heller to law enforcement officers at the time, on Oct. 23, 1947, he received a telephone call from a friend in Los Angeles whose name he refused to reveal but whom he described as a bookmaker.

(Although Heller refused to reveal the name of his friend, a check of the records of long distance telephone calls disclosed a telephone call from Phil Tapper, the Los Angeles bookmaker. Tapper is a principal bookmaker in the syndicate with which Mickey Cohen is identified.)

This friend informed Heller that he should expect to hear later that same day from Walter Lentz, Charles Hoy or "Buck" Caddel, investigators of the attorney gen-

eral's office, who would see him either at his place of business or at the Mark Hopkins Hotel in San Francisco. This friend told Heller that he could continue his betting commission business if he arranged for payoffs to those men.

Nobody called on Heller on that day. Instead, on the morning of the following day, Heller received a personal visit from Dave Kessel.

Kessel is one of the principal partners with Pechart in the Wagon Wheel in Contra Costa County, mentioned above, and personally manages the operation of the horse race book operated there.

According to Heller's report, Kessel told him that he and his partner, Pechart, were members of the group, which included Bones Remmer and others, who were going to control all sizable gambling in Northern California through the attorney general's office. No gambling would be permitted except on the payment of protection and Heller's betting commission business in particular could not be operated unless he paid. Kessel claimed he had seen "the boys" and that Heller would be allowed to operate his business if he paid to them 50 per cent of his net profit.

Kessel said Heller would have to pay 50 per cent "under the counter" to Kessel who would take care of "the boys."

In addition, a bookkeeper would be sent up from Los Angeles to keep track of Heller's income and see that the proper amount was paid, and the bookkeeper's salary would have to be paid by Heller.

Heller claims he flatly refused to make any such arrangement, telling Kessel that he had never paid a cent of graft to anybody in his whole lifetime and that he was not going to start then.

Bj 24

*San Francisco News
Nov 14, 1950*

'COULD REOPEN'

When Heller proved adamant, Heller reports Kessel as having told him that he could reopen for the time being in spite of the warning Heller had received from the police department, and could finish out the football season, but that he would have to make arrangements for the payment of protection before the beginning of the basketball seasons in the spring. Under these circumstances, Heller reopened.

On Nov. 17, 1947, and without further warning, Tiny Heller's establishment in Oakland was raided and he was arrested by the attorney general's special agent, Charles Hoy.

Alameda County's District Attorney J. Frank Coakley immediately stepped into the case and took over the prosecution. The case was prosecuted energetically and successfully, although the district attorney got only grudging help from the attorney general who presumed to criticize publicly the conduct of the case even before the matter was tried. Heller was convicted and put out of business permanently.

At his trial Heller did not testify on his own behalf and the matters which preceded his arrest were not made a part of the record or otherwise made public.

'PARTNERSHIP' OFFER

But his story was no afterthought on Heller's part. It was reported by him at the time it happened and Sheriff H. P. Gleason of Alameda County and District Atty. Coakley were both aware of Kessel's demands made on Heller before the arrest or other action developed. They did not know, however, that Heller had presumed to reopen his business on the strength of Kessel's assurance.

After his conviction, Heller was invited by Pechart and Kessel to resume his betting commission business in partnership with them in Contra Costa County. This offer

was refused. The terms of Heller's probation prohibited his engaging in the gambling business.

Kessel then selected Jack Roland, a gambler from Oregon, to try to pick up the betting business formerly operated by Heller in Oakland. Roland had some success, as is indicated by the telephone charges of \$7915.12 for business transacted in 1948.

AMADORE COUNTY

It was reported in the press and was well known that Pechart and Kessel, through Roland, were taking over and operating in Contra Costa County the business from which Heller had been eliminated, but no action was even taken in Contra Costa County by the attorney general or by anyone to arrest the new operators.

It should be noted here that only Heller, who had defiantly refused to pay for state protection, was arrested by the attorney general's men.

Betting businesses similar to Heller's except for being bigger and better known, were being operated across the bay in San Francisco at "Corbett's, Inc.," 15 Fremont-st., and at Tom Kyne's, 1 Opal-pl. Both of these establishments have continued to operate.

In Amador County during the summer of 1947, according to reports printed in the public press prior to the organization of the commission, certain gambling establishments and houses of prostitution in the city of Jackson were visited by agents from the attorney general's office, one of whom was reported to be Wiley H. Caddell, mentioned above and who was subsequently convicted for his participation in the protection-bribery scheme in Mendocino County.

The Jackson people were told to close up or they would be raided by the attorney general's office.

A few days later they were visited by a man, as yet unidentified, who claimed to be speaking for the attorney general's office and who informed the Jackson people, and particularly the proprietor of a large gambling house there, that they could reopen provided they paid 25 per cent of the gross income to him for the attorney general's office.

The Jackson establishments closed and remained closed for a considerable time, and, so far as is known, no money was paid.

In Tuolumne County, Caddell is also reported to have made a similar call at about the same time on the gamblers in the city of Sonora, threatening them with a raid if they did not close down.

Here, also, he was followed a few days later by a man claiming to represent the attorney general's office and offering immunity from interference in return for 25 per cent of the gross income of the establishment.

SAN MATEO COUNTY

In Placer County a similar sequence of events is reported by District Atty. Clarence E. Tindall.

In the summer of 1947 Mr. Tindall received a visit from the attorney general's investigator, Wiley Caddell, who told him he was making a tour of the mountain counties.

Some time later Mr. Tindall received a call from a man who left no name, and who has never been identified, who told Mr. Tindall that arrangements had been made with the attorney general's office to open up gambling in Placer County and who asked how things could be fixed up locally. Mr. Tindall ordered the man out of his office and reported the matter to the attorney general's office.

A statement was taken from Tindall by Walter Lentz and Wiley H. Caddell, but the inquiry got no further.

In San Mateo County, Chinese

gamblers are reported to have received a similar visit from the attorney general's agents. Some of the details were made public in the testimony given at Caddell's trial in Mendocino County.

In Butte County, a scheme for protecting both gambling and prostitution was set up and actually operated for a brief period. Plans were under discussion to include the narcotic traffic under the blanket protection when the whole scheme was broken up by indictments and prosecution.

The key figure in this plan was one Edgar S. Pippin. Pippin had been a private investigator in Contra Costa County where for a time he worked for Pechart. He appeared in Butte County with what he claimed to be a letter of recommendation to the sheriff from the attorney general.

He was made a deputy sheriff and at once proceeded to organize a county-wide system of racket protection.

According to his associates, Pippin claimed that these activities were approved by the attorney general's office. Some of his collaborators, including Robert W. Hartung, who was briefly associated with Pechart in gambling ventures in Contra Costa County, were prosecuted by District Atty. Raymond A. Leonard and convicted of conspiracy and other offenses. Pippin himself is a fugitive from justice.

In Fresno County the newly elected mayor, Gordon G. Dunn (elected in the spring of 1949), and his secretary were approached with a proposal for an elaborate scheme for protecting gambling and houses of prostitution in the city.

AIDE TO HOWSER

The scheme contemplated that the participants take over the stock of an inactive corporation formed long ago for the operation of a silver fox fur farm. Through the corporation it was planned to conceal the receipt and disbursement to key public officers of protection payments from gambling and prostitution.

According to the testimony of Mayor Dunn and his secretary, this scheme was planned and proposed to them by Robert Franklin, a public relations man of Fresno.

Robert Franklin was campaign manager for Atty Gen. Fred N. Howser in 1946 and was again Mr. Howser's campaign manager in 1950, even after his public exposure by Mayor Dunn.

The scheme was rejected by the mayor and his secretary, both of whom testified concerning it in detail before a United States grand jury.

BB 37

SF News
11/14/50

In Santa Cruz County, Kern County, Yuba County and Mendocino County, simultaneous attempts were made to organize a system of protection for the operation of slot machines. These attempts are described in detail in the commission's second progress report.

In Mendocino County four of the persons involved, including one who turned state's witness, were convicted of conspiring to set up such a state-wide scheme for protection in which the attempted bribery of the local sheriff was an incident.

One of those convicted was Wiley H. Caddell, the attorney general's investigator. The evidence and reports from all of these counties show that there was contemplated a statewide plan for racket protection under the cloak of the attorney general's office.

In San Luis Obispo County, two retired Los Angeles policemen who, incidentally, were old friends and former associates of Wiley H. Caddell, appeared and proposed to local officials a fantastic scheme for organizing the slot machine market in that county which they said had the approval of the attorney general's office. They were tried and acquitted.

In Nevada County, according to information furnished to the commission by members of the grand jury and other public officers, regular collections over a considerable period of time were taken by a certain public employe from the slot machine operators under the representation that of the amounts paid, half was for local officials, half for the attorney general's office.

In San Bernardino County, branded punchboards similar to those appearing in other parts of the state were distributed and it was reported that the purpose of the brand was to provide immunity from interference by the attorney general's office.

In Sonoma County three of the participants in the branded punchboard racket were brought to trial.

IN PUNCHBOARD BUSINESS

One of the defendants was Manny Guterman, the traveling representative of the Harlich Manufacturing Co., one of the nation's largest manufacturers of punchboards. A second defendant was C. A. Robinson, a major distributor of punchboards and slot machines throughout the state. A third defendant was Roland Rushton, a retired Los Angeles police officer.

The prosecution's evidence showed that these three men, sometimes separately and in many different parts of the state, represented that they had the authority and the approval of the attorney general's office in setting up a system of protected operation of the boards in return for the payment of graft.

On the representation that the money was to go for the payment of protection from the attorney general's office, they collected \$2 for every board branded. The prosecution's evidence showed that they had arranged with the attorney general for a monopoly of the punchboard business and they expected to be able to dispose of 500,000 boards per month when their monopoly had been made secure.

Upon their trial, they denied having had any connection with the attorney general's office, but admitted their efforts to distribute branded punchboards. An indulgent jury acquitted them.

BAKERSFIELD 'DEAL'

In Kern County, according to the testimony of Robert C. Knight, former chief of police of the city of Bakersfield, given before the Sonoma County Grand Jury on March 22, 1950, a proposal was made to him to take part in the organization of a statewide system of graft.

Having retired as chief of police of Bakersfield, Mr. Knight in 1947 was considering opening an office for private investigation in that city. He testified that on Feb. 17, 1947, he was called upon at his home in Bakersfield by Wiley H. Caddell who was accompanied by a retired Los Angeles police officer named Jack Molina, both men being known by reputation to Knight.

According to Knight, these two men proposed that he join with them and others in organizing a system of protection for slot machines, house gambling and prostitution covering all of Kern County, including the city of Bakersfield. Knight testified:

"Jack Molina did most of the talking. The story he gave me at the time was this: That he knew that I was going to receive my license from the state of California. He knew it before I did. He said it had been approved and I should receive it.

"And he told me in the presence of Caddell that they were organiza-

ing California in respect to vice and that he would take care of Southern California with Fresno County as the Northern boundary line. He asked me to be their contact man for the county of Kern, later take the counties Kings and Tulare, that Yolo County and Inyo County were pretty well taken care of but that would be my district. He explained the amount of money that could be made. He explained that I, receiving my license, would be a good front for the organization.

'WOULD HAVE LOST'

"He explained to me that he had the approximation of many, how many slot machines were in Kern County. He would have a complete list. He told me about information about Palm Springs, Cal., what they were doing in that territory, which later checked out to be true.

"He mentioned San Mateo County. He mentioned the resort community of June Lake. He told me that Caddell, this is in the presence of Caddell, Caddell would contact the sheriff of Kern County and the chief of police of Bakersfield. He explained, he told me how many operators and how many machines in Kern County. He had quite a few notes on that.

"Then when he got down to the financial end, this is what he told me, that 25 per cent of the collections would go to me, 25 per cent would either go to the sheriff or the chief of police, who had jurisdiction of that particular territory, but 50 per cent of the money must go to Los Angeles. Then to get—he stated the pick-ups would be made at the fight arena, that would be reserved tickets, that is where the money would be passed. He also told me their headquarters were in the Biltmore Hotel in Los Angeles. He gave me a telephone number.

"He asked me to see some people and start organizing the slot-machine operators. He said the bookmakers were pretty well taken care of through Los Angeles but that he wanted me to talk to some of them. Then he told me the houses of prostitution would be organized later. It was definitely a vicious circle.

"He said probably the only operator in Kern County they would have trouble with was a man by the name of Keene on the west side which takes in Taft and Fellows, the principal producing communities in the west part of Kern County."

Here Mr. Knight questioned: "Did he tell you what trouble you might meet with Keene?" to which he answered:

"Oh, yes, he anticipated trouble with—He told me that he believed that Keene would have to be pushed around to get him to line up and that they had the men to do it. That was no business of mine, they would take care of that."

NAMED HOWSER

Question: "When they mentioned 50 per cent of the money was to go to Los Angeles, did they say specifically to whom that money was to be paid?"

Answer: "They said they were representing the attorney general of the state of California, Fred Howser. They named him directly. They didn't pull no punches. They talked right out in the open. They also told me this, the people in on the deal would be ex-deputy sheriffs, retired police officers and so forth."

Knight says he was noncommittal as to this proposal. On April 10, 1947, according to Knight, he again met Caddell and Molina, this time by appointment, at the Gorman Cafe on the Ridge Route. The conversation was renewed

Page 24

*San Francisco News
November 14, 1950*

and the two men told Knight of the progress they were making with their organizing plans in various parts of the state. Knight says that Molina telephoned to him subsequently once or twice to ask how he was coming along, the last time being on Jan. 12, 1948. Finally, according to Knight, the two men lost interest in Knight because he never did anything to carry out their plans.

As reports of these matters were received from so many different counties, it was found that evidence received from one county frequently tended to confirm reports from other counties of the attempts being made there to set up a statewide system of racket protection.

The conclusion became inescapable that these incidents were not separate one from the other, but, on the contrary were diverse evidences of a single plan to organize in the name of the attorney general's office a system of protection for criminal rackets covering as much of the state as possible.

From the beginning, these reports of the organization of racket protection were a matter of concern to the commission. The organization of protection on a statewide basis was a new development in organized crime.

ASSUMPTION MADE

It must not be thought, however, that at the outset the commission was aware of the broad nature of the plan, or even that there was any single plan, or that the reported attempts to arrange for protection were to be considered as particularly menacing.

On the contrary, the natural assumption was that the claims of connection with the attorney general's office being made by the organizers of protection rackets were without foundation and were being used for extortion or some similar purpose rather than for actually setting up any system of official protection.

It seemed to the commission most probable that the attorney general had no personal knowledge of the use being made of his name and the authority of his office, and, at the very worst, that his confidence was being betrayed by one or two of his employees.

ATTORNEY GENERAL SEEN

Consequently, the first action taken by the commission with respect to these reports was to see that the attorney general was advised personally and privately of their nature and of the manner in which his name and the authority of his office were being used for the apparent purpose of collecting money from racketeers. This was in the expectation that the attorney general would himself investigate and take all necessary steps to break up such schemes if the reports were true. These well-intentioned efforts were rebuffed.

Repeatedly the attorney general sent to investigate the incidents reported to him the very investigators whose names had been mentioned as being personally involved.

Finally, in Mendocino County, when arrests were made and a Grand Jury investigation commenced, the attorney general launched a public attack of vicious personal abuse on the sheriff and district attorney, completely ignoring the fact that all they were doing was attempting to bring to justice persons who had grossly abused the authority of the attorney general's office by attempting to use it to set up a system of bribery, corruption and racket protection.

When the case was brought to trial, the full power and authority of the attorney general's office was openly devoted to the defense.

In the Sonoma County punch-board case, more recently, the prosecution has encountered similar opposition from the attorney general, although the charge against the defendants was based upon evidence that they attempted to set up a statewide system of racket protection, claiming they had the protection of his name and the authority of his office.

RACKETS BLOCKED

The development of this attitude on the part of the chief law enforcement officer of the state had a profound and continuing effect upon the activities of the commission. It was necessary that some state agency ferret out the facts, or at least enough of them to stop the attempt to organize the state. As unpleasant and unexpected as this development was, the commission had no alternative but to try to block the attempt by exposure and by every other proper means.

The attempt to organize a system of statewide protection for the operation of criminal rackets has apparently been unsuccessful—at least temporarily.

The prompt and effective action taken by Grand Juries, prosecutors and police agencies in many different parts of the state has exposed and withered essential parts of the plan. The prosecutions instituted and the attendant publicity have resulted in the conviction of some of the principal persons involved, have forced others to resign from office and have caused the defeat at the polls of still others.

'A MELANCHOLY CHAPTER'

This attempt to organize a statewide system of protection for the operation of criminal rackets has been a melancholy chapter in our history. It is to be hoped that its repetition can and will be prevented.

For such a task, a study commission is not well equipped. The most that the commission could do was to secure evidence through the efforts of its staff, and then to present its evidence to such local law enforcement and prosecuting officials as might have jurisdiction and the willingness to act. Since a crime study commission is not a law enforcement agency, this procedure was the only course open to the commission to oppose the setting up of a system of statewide racket protection.

MORE TOMORROW

San Francisco News
11/14/50

Official Preface to Crime Board's Final Report

This report is in four parts. The first part is a continuation of the story of the commission's investigation of the unprecedented attempt made during the years 1947 to 1950 to organize a statewide system of protection for the operation of rackets. This story was begun in the Second and Third Progress Reports of the Special Crime Study Commission on Organized Crime.

Part II of the present report consists of the commission's findings on the broad subject of organized crime in California. Necessarily these findings are stated in general terms, although they are founded on the specific facts obtained in more than 2½ years of active field investigation, observation and experience.

Part III deals with the taxation of organized crime. This is an important subject which has not heretofore been commonly considered or discussed.

Weak and ineffective enforcement of the tax laws, and particularly the income tax laws, against the operators of organized rackets, although not to be considered a cause of organized crime, is, in the opinion of the commission, a major contributing factor in its growth. The vigorous enforcement of the tax laws could be a very effective vehicle in the prevention of organized crime.

The fourth and final part of the report is made up of recommendations. These recommendations are in response to the request of the State Board of Corrections in its letter of March 7, 1949, transmitting to the governor and the Legislature the commission's progress report and those of the other four special crime study commissions, that there be included in the final report "statements of long range goals to the attainment of which the state and its various agencies and departments should be striving in the next decade."

The recommendations are submitted in compliance also with the executive order of Nov. 1, 1947, creating the commission, in which the commission is directed to include in its reports "the measures considered by the commission to be appropriate for recommendation to the executive, legislative and judicial departments of the state, with the object of eradicating groups organized for unlawful pur-

poses from this state and providing increased protection for the people of the state against the inroads of organized crime."

The recommendations are in the nature of general policies to be followed.

Organized crime is a serious civil affliction; not one that can be cured overnight. The condition can best be treated, and indeed in the opinion of the commission can only be treated, by striving continuously to improve the general public welfare. All measures which cut the profits of professional criminals or raise the standards of law enforcement serve to relieve the pressure caused by vast amounts of money in criminal hands and to improve the general health and tone of law enforcement and of local politics and thereby tend to eliminate organized crime.

As far as possible the reader is left to draw his own conclusions from the facts and from the results of investigations.

The particular incidents and persons described or mentioned in the report have been chosen for purposes of illustration.

It is necessary to be specific and use names and particular instances if the report is to have value. Where names are mentioned and incidents recounted, every effort has been made to insure that the statements made are both accurate and fair.

The commission's methods of procedure have resembled those of an intelligence agency. Information and reports from all available sources have been collected and have been followed up by obtaining additional evidence, either in corroboration or disproof. Many original investigations, some singly and others in collaboration with other agencies, have been made.

Only those facts and statements which can be supported with actual evidence and convincing proof have been included in published reports. Unverified or uncorroborated matters have not been made public.

In some instances, however, and mostly in cases where the commission was requested to do so, police and prosecuting agencies have been supplied with

unverified reports to provide a lead for investigation or for other informational purposes.

The reader will notice the lack of reference to formal hearings. This is because the Legislature has not seen fit to confer upon special crime study commissions the power to subpoena and swear witnesses and to compel the production of books, records and documents. The consequences of the failure to provide the crime study commission with this time-honored method of procedure are discussed in the body of the report.

With limited power and authority, small staff and modest budget the difficulties of the commission's task would have been almost insuperable had it not been for the great amount of help and support the commission's work has received from local law enforcement officials in all parts of the state and from state and Federal agencies and officials as well.

Much of the actual evidence concerning organized crime which has been obtained has been supplied by other agencies, and many investigative leads came from those sources.

Often district attorneys, sheriffs, and police chiefs made investigations at the commission's request with their own personnel and at their own expense and this assistance has been a major contribution to the results of the commission's work.

Even more often these officials have forwarded on their own initiative reports, evidence and information which they thought might be of value to the commission.

The commission's work has received encouragement and unwavering support from the Peace Officer's Association of the State of California and from the District Attorneys Association of the State of California, and from their officials individually.

Indeed, the assistance received has been so great and has come from so many officials and agencies that it is quite impractical to list them all. Public acknowledgment should be made of the fact that without their help, and particularly that of local law enforcement agencies, little could have been achieved. Whatever improvement in law enforcement may result from the commission's work will be due in large part to their help and their efforts.

*San Francisco News
11/14/50*



ADMIRAL W. H. STANDLEY

GENERAL KENYON JOYCE

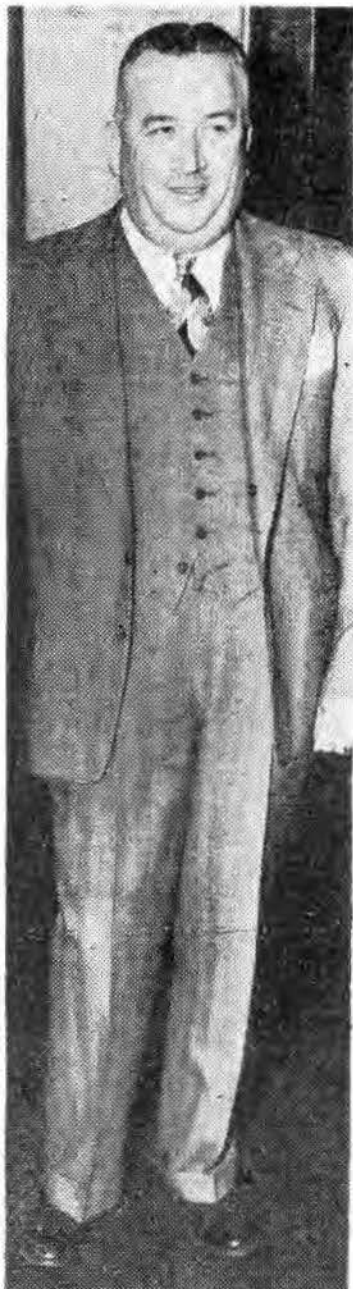
WILLIAM M. JEFFERS

HARVEY S. MUDD

GERALD H. HAGAR

Members of the California Crime Commission.—“All of us have our futures behind us, so we could call the shots as we saw them.”

Dakland Tribune
3/15/49



Dist. Atty. Francis Collins of Contra Costa County who appeared at a Grand Jury gambling probe as legal advisor.



Sheriff James N. Long of Contra Costa County leaves the Grand Jury room at Martinez early this morning after testifying for nearly four hours on reports of wide-open gambling in territory under his jurisdiction.—Tribune photo.

O.S.R. Side 11/15/49

no source no date

Sheriff Long Quizzed at 5-Hr. Session

Contra Costa County grand jurors were under secrecy orders today after a 5-hour session during which Sheriff James N. Long testified for 3 hours and 40 minutes to explain reports of wide-open gambling in territory under his jurisdiction.

Rumors from the Grand Jury room were that one faction, apparently unconcerned over the gambling reports, had been successful in invoking the "no comment" order.

Victor M. Parachini, Antioch banker and foreman of the jury, would not discuss that report, beyond saying there has been "considerable discussion" about the release of statements.

Asked pointedly if he had been ordered not to talk, he said: "I wouldn't say that. We merely decided that all statements in the future must come from the Grand Jury room."

ALL TIGHT-LIPPED

After being in session from 8 p.m. to 1 p.m., the jurors left in a body, all tight-lipped.

They had issued a two-paragraph statement to the press, reading as follows:

"This was a regular meeting of the Grand Jury. The district attorney appeared with the Grand Jury in his capacity as advisor as he has done at previous Grand Jury meetings.

"The sheriff was present. There were no facts presented which questioned the integrity of the sheriff or his office. No further comments are to be made until future meetings are held."

It was reported that the statement was prepared in the office of District Attorney Francis Collins.

NO SESSION SET

Parachini said no arrangements have been made for future meetings.

Long was the only witness to appear before the jury. He entered the jury room as the meeting opened and emerged at 11:40, after three hours and 40 minutes.

Seven persons who were waiting to appear before the jury were not called. After waiting for more than three hours, they left.

Parachini said this morning that he had not been advised of their presence. "No one told me anyone was waiting to testify," he said. "If I had known I would certainly have invited them to appear."

The group included four men from the Christian Businessmen's Association of Richmond, and two other men and a woman who said they were "just interested citizens."

Collins came out of the jury room a few minutes before Long. He

Continued Page 8, Col. 4

Sheriff Long Won't Talk Of Gambling

Contra Costa Law Chief Silent on Reports of Probe

Sheriff James N. Long of Contra Costa County today refused point-blank to discuss reports he plans an investigation of gambling in unincorporated areas of his county.

He was quoted yesterday as saying he would investigate, after newspaper reporters found at least three places running wide open, with business booming in horse race bookmaking, card gambling, and slot machines.

Asked this morning if the investigation is under way, Long said:

"I have no comment to make at this moment."

Informed that reporters had actually placed race bets and played blackjack in his territory, he said:

"I have no comment to make at this moment."

"If not at this moment, will you have something to say later?" he was asked.

Secrecy Veils Gambling Probe

Continued From Page 1

would not discuss the jury session.

"This is not my party," he said.

"I wasn't asked to testify."

Long brushed past newspapermen, murmuring: "No comment. Ask the Grand Jury."

Up before the Grand Jury was a statement from the El Cerrito City Council which decried wide-open gambling at the Wagon Wheel, a resort in the panhandle area between that city and Richmond.

The statement emphasized that El Cerrito officials have no jurisdiction there, and flatly declared that "the sheriff is cognizant of the conditions."

A copy of the statement was received yesterday by the Contra Costa County Board of Supervisors. It came with a letter from Mayor Millard Bostock of El Cerrito, suggesting that the board might want it for their files.

On motion of Supervisor S. S. Ripley of Richmond, in whose district the Wagon Wheel is located, the statement was placed in the files.

The Wagon Wheel has been closed since issuance of the statement last Friday. Reports are that card tables and other equipment have been removed from the building.

"May I repeat," said the sheriff, "I have no comment to make at this moment."

Resurgence of gambling in Contra Costa County was revealed yesterday by The Tribune's Knave, and subsequently confirmed by independent investigations by two San Francisco newspapers.

All reports agreed that bookmaking and gambling were in operation at the Trocadero, a large club building behind a high board fence on the San Pablo Dam Road.

WAGON WHEEL ROLLING

Additionally, it was disclosed that bookmaking operations were flourishing at the Wagon Wheel, in the "panhandle" district outside of El Cerrito. Reports were also current that a third establishment, which keeps out pikers by accepting no racing bets of less than \$100, also is running.

All three places have appeared prominently in gambling investigations over a period of many years. The current resurgence is said to have come after the lid was clamped on gambling in San Francisco.

Although the Trocadero is officially listed as being operated by Joseph S. Davis, who holds on-sale liquor and amusement device licenses, the place is declared to be actually the property of Dave Kessel and William Pechart.

They are also reported to control the Wagon Wheel, where the licenses are held by Fred Grunewald.

EX-COP IS MESSENGER

Investigators reported they had observed a former police officer making two trips daily between the Trocadero and Kessel's office in El Cerrito. He was declared to be taking funds to the club each morning and returning the day's receipts each night, after the race tracks close.

Newspaper reporters said they had no difficulty placing horse race bets and playing at a blackjack table at the Trocadero. Racing information was posted on bulletin boards in the main room which also contained the blackjack game, slot machines, and a bar.

Racing bets were being accepted in a rear room, and announcement of race results came from there. Reports on results of races at Santa Anita, Fair Grounds, and Haialeah were said to be transmitted by telephone from a distributing place in Richmond.

The central station reportedly obtains information by telephone from Reno. The complicated transmission causes a delay of about 15 minutes between the finish of races and the results.

LID STILL ON IN S.F.

San Francisco continued to be closed tightly, even to the extent of a ban on commercial whist games. Only card parties sponsored by organizations, with prizes restricted to merchandise, are being permitted. Slot machines have disappeared from private clubs.

The San Mateo County Grand Jury was deep in a study of the gambling situation there, preparing recommendations on control of legal card clubs for presentation to the Board of Supervisors.

Dr. S. J. Guardine, chairman of the jury's vice committee, said suggestions include a limit of five tables to an establishment, restriction of the number of clubs, midnight closing, and transfer of licensing power from Sheriff James J. McGrath to the Board of Supervisors.

Public Apathy Hit in Contra Costa Gaming

Public apathy which permits repeated election of officials who countenance Contra Costa county gambling was blamed today by Victor M. Parachini, foreman of the Contra Costa County Grand Jury for continued illegal activities in that district.

The jury began today an investigation into a gambling syndicate and other underworld activities illuminated by newspaper publicity within the past 48 hours. Parachini, president of the First National Bank of Antioch, said the jury is going forward with its work, adding: "The man in the street just doesn't seem particularly interested. There's no question but that we'll get together and try to do something about it, but the voters continue to elect sheriffs and district attorneys who must know what is going on. Once a year a judge appoints a group of common, ordinary citizens to a Grand Jury and they are supposed to clean up the county."

FUNDS LACKING

"We do not have funds to hire investigators and before we could appear before the Board of Supervisors to get money for the work every place in the county would shut down and we'd get nowhere."

Parachini said his group would welcome "public pressure. Give us something to work on—letters, statements, things of a specific nature to show the public really wants a clean-up and we'll do the best we can."

Parked cars near the Wagon Wheel, located in an unincorporated area just outside the city limits of El Cerrito indicated that the place was open yesterday, although El Cerrito City Manager Edwin C. Howell said legal activities of the club may have been in operation and gambling halted.

Sheriff James Long was unavailable, but his office maintained the same silence which prevailed yesterday when he was questioned about the Wagon Wheel and the Trocadero on the San Pablo Dam Road.

Meanwhile, El Cerrito Mayor Millard Bostock's statement that the unincorporated "No Man's Land" may attempt to annex itself to El Cerrito fomented rumors of petitions scheduled to appear within the near future.

Mayor Bostock disclosed yesterday that several groups adjacent to El Cerrito are interested in annexation and that El Cerrito would "welcome the unincorporated strip into our community."

*no source
no date
↓*

Jury Mum on Contra Costa Gaming Probe

Contra Costa County grand jurors today kept a close-lipped silence on their investigation, in a five-hour session, of reported gambling at the Wagon Wheel.

The meeting ended early today after Sheriff James N. Long and District Attorney Francis Collins testified before the county group.

Long summed up his four-hour appearance in two words: "No comment."

The session followed a blast by the El Cerrito City Council, which asked relief from the "embarrassing situation in which the city had been placed by conditions at the Wagon Wheel."

The establishment is outside the corporate limits of El Cerrito, and therefore not within its jurisdiction. Responsibility for "cleaning up" any gambling activity was placed by the Council in the lap of State and county authorities.

'NO COMMENT'

Jury Foreman Victor M. Parachini said he had "no comment" on whether the jury had discussed the El Cerrito Council's statement. In his statement, Parachini said there were "no facts presented that questioned the integrity of the sheriff or his office."

In El Cerrito, City Manager Edwin Howell said that no word had been received concerning the five-hour session.

"None of our city officials were invited to the meeting," Howell said, adding that all he knew of the meeting was what he read in newspapers.

El Cerrito Council to Take Action

A new break in the Contra Costa County gambling scandal was awaited this morning as the El Cerrito City Council announced it will issue "a statement" on "conditions" existing just outside its city limits.

The council met secretly until 1:30 a.m. today to discuss possible action to clean up its environs. The statement was a closely guarded secret, but a release was promised by City Manager Edwin S. Howell later today.

Target for the council action was the Wagon Wheel, a resort in the "panhandle" area between El Cerrito and Richmond, where an Oakland woman reported she was bilked during an all-night card game.

The Wagon Wheel was closed last night. Only a dim light burned in the upstairs room where hundreds of people ordinarily gather around the card tables. The parking area was deserted.

OUTSIDE CITY LIMITS

The place is outside the El Cerrito city limits and beyond the jurisdiction of the city government.

The latest in the long series of gambling scandals which have rocked Contra Costa County broke early Wednesday morning when Mrs. Lena Spector Grimes, 57, 768 Santa Ray Avenue, Oakland, was arrested by El Cerrito police for passing bad checks.

A widowed grandmother and a practical nurse, Mrs. Grimes sobbed out a story of gambling losses at the Wagon Wheel. She told police she had cashed four checks with El Cerrito merchants between Tuesday afternoon and 3 a.m. Wednesday, and lost the proceeds in a "loball" game.

LOSES WRIST WATCH

She said she had even given a wrist watch in exchange for \$10 in chips, which also were lost. Mrs. Grimes acknowledged she was a frequent visitor to the Wagon Wheel, and tearfully declared she had previously lost money, a fur coat and rings at the gaming table.

She was released when her son, Louis Spector, manager of an Oakland clothing store, redeemed the checks, but her experience forced her into a nervous breakdown and she was reported in seclusion today.

*Oakland Tribune
Feb 11, 1949*

DATE: Jan 21/1949

Oakland Post Enquirer
Feb 11, 1949

Gamblers' Sway Ires El Cerrito

EL CERRITO, Feb. 11.—"The heat is on!"

That was the word passed today as the Wagon Wheel, alleged gambling headquarters located in "No Man's Land," just north of the El Cerrito city limits, went into a blackout last night.

Lights were out and shades were drawn. Parking lots, surrounding the rambling white building, were strangely deserted during the night and early morning hours.

At 4:30 this morning only one light burned in a rear room of the old building located on Panhandle boulevard just outside the city limits of Richmond and El Cerrito.

WARNING REPORTED

According to "the word" circulated today, owners of the establishment had been warned, or had decided on their own accord, to close down for the time being.

The action was taken after a 57-year-old Oakland grandmother had been arrested on bad check charges. The woman said she had lost all her money at the Wagon Wheel, and had "hocked" a watch and a diamond ring to pay for her gambling.

In Oakland, early today, police arrested a car thief and holdup man who admitted he spent a night gambling at the Wagon Wheel.

EL CERRITO HEADS IRATE

In the meantime, El Cerrito officials were highly incensed over reports linking the Wagon Wheel with El Cerrito.

One city official, who refused to permit use of his name, declared:

"Why can't people understand that the Wagon Wheel is not located in El Cerrito but is situated in unincorporated territory?"

"Our police department, which

(Turn to Page 3, Col. 7)

The 'Wheel Closed; 'Heat On,' Report

FROM PAGE ONE

has cleaned up all gambling in El Cerrito, has absolutely no authority to 'meddle' in the Wagon Wheel. We are absolutely powerless to do anything about the situation.

"We thoroughly resent any implication that El Cerrito city officials are 'closing their eyes' as far as the gambling situation in No Man's Land is concerned.

"We believe the situation is a disgrace to the western end of Contra Costa County, but there is nothing we can do. Richmond is in the same position. It is up to Contra Costa County officials, who govern the territory, to exercise police powers.

"We are not calling any special meetings of the City Council to discuss the situation. Council members are fully conversant with the conditions that exist and regret that they are unable to take any action.

"However, we may have a statement to be released later, if and when the council empowers the City Attorney to write it."

'END GAMING' UKASE LOOMS

Demand for a cleanup of Contra Costa County gambling establishments was in prospect today as the El Cerrito City Council was called into special session to discuss new revelations involving the Wagon Wheel, gaming club just outside the city limits.

The council will meet tonight, with strong possibility it will issue an ultimatum to Sheriff James N. Long and Dist. Atty. Francis Collins, who have jurisdiction over the "panhandle" strip between El Cerrito and Richmond, in which the club is situated.

These developments followed disclosure by Mrs. Lena Spector Grimes, 57, a widowed Oakland grandmother, that she had been fleeced of cash and jewelry at the "lo-ball" table in the Wagon Wheel.

Arrested after she had cashed four fictitious checks, she sobbed out a story of gambling losses which had wiped out her funds, caused her to pawn a fur coat, rings, and a wrist watch, and forced her into a nervous breakdown.

SHERIFF'S REACTION

Her story brought this statement from Sheriff Long:

"Are you trying to be funny? I don't know anything about it. If it is officially reported to me, I may make an investigation."

An official report appeared certain today as Mayor Millard E. Bostock called the El Cerrito City Council into special session.

"We are well aware of the situation and we have tried time and again to do something about it," he said.

"It is extremely embarrassing to have a place like that running openly just outside of our city where we have no authority to do anything about it."

Bostock noted that the El Cerrito council had notified Atty. Gen. Fred Howser, in August, 1947, that book-making was being conducted at the Wagon Wheel.

Howser reported the information to the State. The Wagon Wheel promptly shut down, but operations were resumed after a few weeks.

City Councilman Lewis C. Keating and City Manager Edwin S. Howell concurred in a statement that the "gambling situation in the unincorporated territory next to El Cerrito is a disgrace to every law-abiding citizen."

Keating added: "I am all for putting the pressure on that situation, and now maybe we can do something about it. We'll sure do anything that is possible."

The El Cerrito action is expected to have a strong bearing on a possible Grand Jury investigation.

Continued Page 15, Col. 1

38 35

Oakland Irish
2/10/49

slated for consideration at a meeting of the county Grand Jury next Monday night.

Victor M. Parachini, foreman of the jury, declared:

"If someone asks for an investigation, they can get it." He pointed out that Rudolph H. Bode, chairman of the jury's law enforcement committee, is already directing a study of the gambling situation and will welcome information.

Parachini had previously complained that the jury is hamstrung by official inaction and public apathy. "The people of Contra Costa County seem to want gambling," he declared.

In the wake of Mrs. Grimes' story, however, a storm of public protest was mounting.

She is a practical nurse, the mother of a widely-known Oakland merchant, and grandmother of six children, and resides with her daughter, Mrs. Martha Shapiro, at 768 Santa Ray Avenue, Oakland.

'THAT PLACE IS A HELL'

Racked by sobs, she told a story of bilking by cold-eyed gamblers as she sat in an El Cerrito jail cell yesterday morning.

"That place is a hell," she said. "Hundreds of poor women like me, jammed in there day and night, gambling like it's a disease they can't get rid of. All day and all night, losing their money, giving up their coats and rings and watches.

"And always losing, always losing."

She said friends had taken her to the Wagon Wheel several months ago. It was supposedly a private club, but she had no trouble getting a membership card.

The "lo-ball" game fascinated her. At first she won a little, then she began to lose.

It was the old, old story. Desperate to recoup her losses she continued to play, returning to the table day after day.

SUFFERS BREAKDOWN

Her savings disappeared, her fur coat was pawned. She traded a diamond ring for chips.

Then she suffered a nervous breakdown. Under hospital treatment she recovered her health, but the gambling urge returned. Back she went to the Wagon Wheel "to win some money so I could pay back my children for the help they had given me."

Tuesday afternoon she lost all the money she had with her. She went into El Cerrito, cashed a check at a cleaning establishment. That money went over the table. She cashed another check at a liquor store, and lost that.

At midnight she went to an all-night restaurant, cashed a third check and left a gold ring as security. At 3:30 a.m. she was back again at the restaurant, to cash a fourth check.

One by one the dollars slipped away. Sometime before 5 a.m. she started for home. Then she began to worry about the checks.

She stopped at the restaurant and tried to recover those she had left there. The attendant was reluctant. She grabbed the checks from his hand and ran for a bus.

He notified police and she was taken off the bus in Berkeley.

"I don't belong here," she sobbed, looking around the jail cell. "I've never been in a place like this in my life before."

Her stay there was short. Her son, Louis Spector, 3016 Santa Clara Avenue, Alameda, obtained her release after he had made good the checks. No charges were filed.

Couple Faces Bookie Charge

ALBANY, Feb. 10. — Two are charged with bookmaking here today as a result of what police declare were "telephone bookie service" operations.

The pair, Howard L. Kennedy, 52, of 515 Spokane Avenue, and Mrs. Edna Clark, 29, of 2702 East 20th Street, Oakland, are at liberty on \$2000 bail each, awaiting arraignment Tuesday before Judge Louis J. Hardie.

"These are Albany's first arrests for bookmaking," said Chief of Police Stanley Williams.

Williams reported the man and the woman were taken into custody as a result of operations conducted in the rear of a real estate office at 746 San Pablo Avenue.

25 PHONE CALLS

After the arrests, Williams said, 25 telephone calls from persons desiring to place bets were received in a 45-minute period.

Inspector Art Smith took Mrs. Clark into custody after visiting the place in plain clothes.

He sat in the real estate office for about 15 minutes, he declared, he declared, listening to her take bets by telephone in the back room. She came to the front, Smith said, and he told her he had a "hot tip on a horse in the fifth at Santa Anita" and wanted to place a bet.

She advised him the odds on the horse were 8 to 5, Smith related, but said he would have to wait until "Roy" returned. Kennedy, according to police, is known as "Roy."

ANOTHER CALL

After Mrs. Clark took another telephone call, Smith said, he told her she was under arrest.

Officer Kenneth Nickerson then waited at the office and arrested Kennedy when he arrived a short time later.

Mrs. Clark said she had been employed "off and on" by Kennedy for two years, according to Smith. Kennedy, Williams said, rented the rear room at the San Pablo address from the real estate operator.

Seized in the raid, Williams reported, were a radio, racing forms, a leather-covered book containing what was believed to be a list of bettors(?) and daily "markdown" sheets.

Annexation Move in New Gaming Probe

There were definite indications today that charges of wide-open gambling in Contra Costa County may lead to annexation of "No Man's Land" by El Cerrito.

While Alameda, San Francisco and San Mateo Counties clamped down on gambling and bookmaking, Sheriff John N. Long had "no comment" this morning in connection with widely published assertions that there has been an exodus of underworld operators into Contra Costa County.

Both an Oakland and a San Francisco newspaper gave prominent display to claims that the Wagon Wheel, in "No Man's Land," just outside of El Cerrito, reopened several days ago with a large handbook operation and that the Trocadero on San Pablo Road is operating gambling devices and horse race betting.

The Wagon Wheel was closed down several months ago after the El Cerrito City Council had publicly protested against bookmaking operations conducted at the former night club located in an unincorporated area just north of the Albany hill.

APPROACH MADE

With the gambling issue flaring anew, Mayor Millard E. Bostock of El Cerrito disclosed today that city officials have been approached by a "large group" of residents in the unincorporated area in regard to annexation with El Cerrito. He said that leading citizens of the area that has been notorious for gambling activities as far back as prohibition days, were extremely interested in annexation because they lack adequate fire, police and other facilities and that they "thought it would be to their benefit."

Bostock disclosed that El Cerrito is seriously considering proceeding with the annexation and "would welcome the unincorporated strip into our community." He asserted many city officials felt that annexation would wipe out "the constant threat of gambling activities from the fringe of our city."

FIRST FLARE-UP

It was in August, 1947, that El Cerrito's exasperated city government first picked up Contra Costa County gambling and slapped it

Annexation Move in New Gaming Probe

[Continued from Page One]

into the face of State officials with the admonition to "do something" about it. At that time a demand was made to Gov. Earl Warren and Attorney General Fred Howser that the Wagon Wheel be closed. The City Council termed it a "notorious gambling house" and a "slur to the city's reputation."

Assertion in the San Francisco Chronicle today that a third place, within the city limits of El Cerrito, is catering to the elite of the gambling fraternity who can afford to bet not less than \$100 on a race, brought a prompt statement from El Cerrito City Manager Edwin C. Howell.

He flatly denied that any open gambling exists in the city. He added that if information is available on illegal gambling he would ask for an official report and promised prompt action. Howell said his office is in close contact with the Police Department and City Council and the situation is under careful scrutiny for violations.

NOT TOLERATED

Mayor Bostock snapped: "We certainly intend to look into the matter. This city government has done everything within our power to stamp out gambling of any kind in this community. If there has been a gaming or bookmaking establishment operating here I intend to find how, where and why. Illegal gambling of any sort will not be tolerated in El Cerrito now or as long as I remain in office."

Information from the office of the attorney general indicated today that no request for assistance has been received from Contra Costa County authorities. Warren Olney, attorney for Gov. Warren's Crime Commission, said the group cannot "step into" the situation since its function is to serve as a study group to make reports to the Governor.

Berkeley Gazette
January 20, 1949

'Cerrito Calls Gaming War

El Cerrito's City Council will meet tonight in closed session to plan a fight on alleged gambling activities at the Wagon Wheel, a gaming club located just outside the city limits.

The meeting was called, Mayor Millard E. Bostock said, after disclosure that an Oakland woman had reportedly cashed bad checks with El Cerrito merchants to play "lo-ball" at the Wagon Wheel.

"It has been an embarrassing situation for some time," Bostock said, "And now our merchants are being directly affected. We're going to see what can be done."

Bostock said the meeting would be attended only by Councilmen and City Manager E. S. Howell. No representative of the police department would be present, he said.

The Oakland woman arrested yesterday was Mrs. Lena Spector Grimes, 57, who said she had lost her life savings at the "lo-ball" game at the establishment in "No Man's Land." She was arrested after she allegedly cashed four fictitious checks to obtain money to "win back her losses." She was released when friendly merchants declined to sign complaints.

Meanwhile, the Contra Costa County grand jury was scheduled to meet next Monday night to discuss the current gambling situation, and there were indications that any report of the El Cerrito Council would be carefully studied by the grand jury.

unidentified

El Cerrito Council Asks Gaming Quiz

EL CERRITO, Feb. 11.—Investigation of alleged gambling activities in "No Man's Land," on El Cerrito's northern borders, was demanded by the El Cerrito City Council in a formal statement today.

The statement, issued over the signatures of Mayor Millard Bostock and members of the council, added:

"We are positive that the Sheriff's office is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito.

"It is the duty of county and state law-enforcement agencies to investigate this matter fully and to take necessary steps to maintain law and order in this unincorporated zone."

As the statement was issued, it was revealed that the Wagon Wheel, storm center of the gambling expose, was "blacked out" last night.

"The heat is on," one informed source said.

Lights were out and shades were drawn. Parking lots surrounding the white, rambling building, located on Panhandle boulevard in the area known as "No Man's Land," were deserted for the first time in months.

The drive against the Wagon Wheel gained momentum this week when a 57-year-old Oakland

grandmother admitted she had cashed bad checks to finance gambling losses sustained at the Wagon Wheel. She revealed she had lost her money and had "hocked" her watch and a ring with a dealer to buy more chips.

In Oakland today police arrested a car thief and holdup man

who admitted he spent a night gambling at the resort.

El Cerrito councilmen, who discussed the situation at a meeting last night, pointed out that the Wagon Wheel is outside the city limits and that El Cerrito police have no jurisdiction over the place.

The council expressed "grave concern," "deplored," the situation and declared that "it discredits the good name on El Cerrito." rito."

The formal statement read:

"Every member of the City Council of El Cerrito deplores the unfavorable publicity which continues to cast shadows of doubt on our law enforcement.

"We have continued to make honest, energetic efforts to enforce the laws within our own city limits.

"It is of grave concern to us when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good name of El Cerrito.

"The Wagon Wheel, which is definitely not within the corporate limits of El Cerrito, again has given us unfavorable publicity.

"The police department of El Cerrito is not charged with the responsibility of law enforcement in that area. We are positive that the Sheriff's office is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito.

"It is the duty of the county and state law enforcement agencies to investigate this matter fully and to take the necessary steps to maintain law and order in this unincorporated zone."

No Question On Integrity Of Sheriff

A lengthy session of the Contra Costa County grand jury which considered reports of alleged gambling activities in the county, ended with issuance of a two paragraph statement issued by the jurors in which they declared:

"There were no facts presented which questioned the integrity of the sheriff or his office."

The complete statement follows:

"This was a regular meeting of the grand jury. District Attorney Francis Collins appeared with the jury in his capacity as advisor as he has done at previous jury meetings. The sheriff was present.

"There were no facts presented which questioned the integrity of the sheriff or his office. No further comments are to be made until further meetings are held."

Cerrito Mayor, Councilmen Give Lie to Gaming Stories

Erroneous statements about the city of El Cerrito and misquoting of El Cerrito city officials by Oakland and San Francisco newspapers in reference to asserted gambling in that area, today drew an official statement signed by the mayor and councilmen of the city.

In the statement, which was prepared at a meeting of the council last night, the officials deplored the unfavorable publicity "which continues to cast shadows of doubt on our law enforcement. We have continued to make honest, energetic efforts to enforce the laws within our city limits.

"It is of grave concern to us when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good

name of El Cerrito. The Wagon Wheel, which is definitely not within the corporate limits of El Cerrito has again given us unfavorable publicity.

"It is the duty of county and state law enforcement agencies to investigate this matter fully and to take the necessary steps to maintain law and order in this unincorporated zone.

"The police department of the city of El Cerrito is not charged with the responsibility of law enforcement in that area."

Some of the newspapers which carried stories of an Oakland woman's asserted gambling losses at a legal poker club operated in the club, identified the club as being in El Cerrito and also claimed a numbers game was being operated in El Cerrito.

unidentified

'Cerrito Puts Gaming Action Up to County

El Cerrito's City Council today had bluntly placed in the laps of county and State authorities all responsibility for cleaning up any gambling activity at the Wagon Wheel.

The Council, which met last night in a closed session to discuss the matter, said the "sheriff's office was thoroughly cognizant of the conditions at the Wagon Wheel."

"It is the duty of county and State law enforcement agencies to investigate and take the necessary steps to maintain law and order in an unincorporated zone," the Council stated.

The establishment, located just outside the El Cerrito city limits, was reportedly closed down last night. The parking area was deserted, lights were out, and shades were drawn.

Action by the City Council followed disclosure that an Oakland woman had cashed seven bad checks, totaling about \$75, with El Cerrito merchants in order to obtain funds to play "lo-ball" at the Wagon Wheel. Merchants declined to press charges after the woman's son took steps to reimburse them.

Sheriff James Long of Contra Costa County could not be reached for comment on the action of El Cerrito's Council.

unidentified

Gaming Expose Slated For Jury

Sensational Disclosures Scheduled to Be Presented to Contra Costa Inquiry Tonight; Order for Probe Is Held Possibility

Sensational disclosures of wide-open gambling in Contra Costa County are slated for presentation to the Grand Jury as it meets at Martinez tonight.

Members of the jury's law enforcement committee, grim and obviously concerned after private investigations, are expected to "blow the lid" on gambling operations with possibility that a full-fledged probe will be ordered.

Rudolph H. Bode of Pittsburg, chairman of the committee, guardedly promised to "have something to say" to the jury. He would not disclose the nature of evidence he has discovered, asserting that he will adhere to usual procedure in keeping the matter within the confines of the jury room until a course of action is determined.

Other members of the committee were less reticent. They flatly predicted that the meeting tonight will be chiefly concerned with recent developments in the war on gambling which was given new impetus by a demand for action from the El Cerrito City Council.

SLATED TO GET PLEA

A copy of the El Cerrito statement, issued last Friday, which calls upon county officials to maintain law and order in unincorporated areas adjacent to the city, was slated for presentation to the jury.

The El Cerrito council, aiming at the Wagon Wheel, a gaming establishment just outside the city limits, flatly asserted that it is "positive that the sheriff's office is thoroughly cognizant of the conditions existing."

That statement, and the demand for action, was expected to constitute the basis for Grand Jury consideration of the gambling scandal.

Victor M. Parachini, foreman of the Grand Jury, has complained of a lack of public interest but has promised: "We are ready to take action when we have something definite and well supported to take action on."

FUNDS LACKING

Acknowledging "it is quite common knowledge that these things exist around the county," Parachini has emphasized that the Grand Jury does not have funds to conduct an extensive investigation.

"This might start some action in the right place and point the finger in the right direction," he added with reference to the El Cerrito statement.

He indicated he was hoping for assistance from Governor Earl Warren, the State Commission on Organized Crime, and Atty. Gen. Fred Howser, to whom copies of the statement were also addressed. Both the commission and the attorney general could conduct investigations and submit official reports to the Grand Jury.

While the latest developments centered on the Wagon Wheel, recent newspaper disclosures have pointed to gambling and bookmaking operations throughout the county, and a resurgence of slot machines.

SLOT MACHINES BUSY

As recently as Saturday night, visitors to a well-known Contra Costa County country club which is open to the public found nine slot machines getting a terrific play. The machines were paying off directly and a girl attendant circulated among the players to change paper money into coins for feeding into the machines.

The Wagon Wheel moved into the forefront after an Oakland woman admitted she had cashed fictitious checks to finance gambling losses, while an AWOL sailor told police he had committed six robberies to obtain money for gambling and drinking at the establishment.

It was after those incidents that the El Cerrito Council, deploring its inability to take action because the Wagon Wheel is outside of its jurisdiction, called upon county and state officials for a "clean-up."

11 Arrested in Two Raids at Vallejo

VALLEJO, Feb. 14.—Two raids on alleged blackjack and Chinese lottery houses were made last night and 11 men arrested by sheriff's deputies.

Gambling was in progress in both places, 2701 Sonoma Street and 1934 Carolina Street, when the raiders broke in, officers said.

Public Scored In Gaming Row

**'They Elect Officials Who Must Know
Of Gambling,' Says Contra Costa
Grand Jury Foreman, Promising Probe**

Declaring that "the people of Contra Costa County want gambling," Victor M. Parachini, Antioch banker and foreman of the County Grand Jury, today scored public apathy in the face of newspaper disclosures of open gambling in the county.

The heat of newspaper publicity had closed gambling establishments today, but Parachini frankly acknowledged prospects of a complete clean-up are dim.

"The man in the street shows no concern whatever," he said.

APATHY SCORED

"The voters continue to elect sheriffs and district attorneys who must know what is going on. Unless there is a real uprising of public opinion, there is nothing a Grand Jury can do," he declared.

Parachini said the Grand Jury is not "turning its back."

"We have a law enforcement committee which is studying the situation," he said, "but what can you expect? Once a year a superior judge appoints a group of common, ordinary citizens to a Grand Jury, and they are supposed to clean up the county.

"We are all businessmen, all with our own work to do. We want to do the right thing by the county, but we cannot go personally into these places and make investigations."

"We do not even have funds to hire investigators. Before we could get money for such work, we would have to go publicly before the Board of Supervisors and make a definite request.

"You know what would happen. Before we could open our mouths, every place in the county would close down and we would get nowhere."

'WELCOME PRESSURE'

Parachini said the Grand Jury would welcome "pressure from the public."

"Give us something to work on, letters, statements, anything of a specific nature to show the public really wants a clean-up, and we will do the best we can.

"Without that we must depend on what the regular law enforcement agencies—the district attorney and the sheriff—bring before us. We can't do much on our own initiative.

"We get excited about these things, but the public just sits around and laughs at us. It looks like the people want it the way it is."

Sheriff James N. Long continued to respond with "No comment" to open charges that newspapermen placed horse race bets and played blackjack in his county.

The Trocadero, a club on the San Pablo Dam Road, was deserted, with only a watchman keeping a lonely vigil. This is the place visited by two groups of newspapermen who had no trouble placing bets and gambling a few days ago.

ADMITS REGULARS

Reports were that the Wagon Wheel, in the panhandle district near El Cerrito, was admitting a few regular customers to a card game, but the door was guarded to keep out strangers.

Other establishments also showed evidence the newspaper expose has caused a complete, if temporary, cessation of operations.

Possible action by the State Board of Equalization was indicated by James H. Quinn, member of the board from this district, who said liquor licenses may be suspended if gambling charges are proved.

Such action is being taken in San Francisco against one tavern where a bookmaker was arrested, and is pending against 16 others.

Citizens Have Right to Get Action on Notorious Contra Costa Gambling Places

The seeming indifference concerning gambling in Contra Costa County is not shared by those who have homes near the most notorious of gambling establishments.

These people review a record of protests and complaints and ask pertinent questions: What can be done about it? Why are these places allowed to operate openly? Whose duty is it to close them?

Bringing the issue into the clear and to the point of official demands the El Cerrito City Council has met in special session and Mayor Millard H. Bostock has issued a statement which challenges attention. Referring to the alternately closed and reopened, and now flourishing Wagon Wheel place and to the fact it is just outside El Cerrito and beyond that city's jurisdiction, Mayor Bostock has said:

"We are well aware of the situation and we have tried time and again to do something about it. It is extremely embarrassing to have a place like that running openly just outside our city where we have no authority to do anything about it."

Unquestionably the Wagon Wheel is in an unincorporated area and under the jurisdiction of the county. Next door to the residential city of El Cerrito, it is embarrass-

ing and objectionable also to the families who live there.

Serving to focus attention on the place once more is the case of a widow arrested for cashing fictitious checks to pay losses suffered at the Wagon Wheel, after she had pawned a wrist watch and fur coat. Apprised of this story, Sheriff Long is quoted as saying:

"Are you trying to be funny? I don't know anything about it. If it is officially reported to me I may make an investigation."

This is but the latest story concerning the Wagon Wheel. It is similar in many respects to other stories told in other months and years and to reports concerning other establishments in the county.

El Cerrito has every right to demand freedom from a neighbor that serves as a magnet to gamblers over a wide area. It has the right to ask that there be an end to a long period of procrastination and that action be taken by those authorities who have power and are sworn to enforce the law in the unincorporated areas of the county. Genuinely aroused, it will make its demands loud enough, if necessary, to carry beyond any mere county limits.

Whose duty is it?

EL CERRITO DEMANDS GAMBLING CRACKDOWN

Council Urges County, State To Halt Gaming; Sheriff Rapped in Controversy

El Cerrito city officials today called upon Contra Costa County and state officials to maintain law and order in unincorporated sections of the county.

A formal resolution, adopted after a conference that lasted until 1:30 a.m. today, was released this morning by the City Council.

Specifically the council charged that "gambling and other forms of lawlessness" are thriving in the county and declared the councilmen are "positive" that Sheriff James N. Long is "thoroughly cognizant" of the conditions. The statement follows.

"Every member of the City Council of El Cerrito deplors the unfavorable publicity which continues to cast shadows of doubt on our law enforcement. We have continued to make honest, energetic efforts to enforce the laws within our own city limits.

"It is of grave concern to us when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good name of El Cerrito. The Wagon Wheel, which definitely is not within the corporate limits of El Cerrito, has again given us unfavorable publicity."

NOT RESPONSIBLE

"The police department of the City of El Cerrito is not charged with the responsibility of law enforcement in that area. We are positive that the sheriff's office is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito.

"It is the duty of the county and State law enforcement agencies to investigate this matter fully and to take the necessary steps to maintain law and order in this unincorporated zone."

The statement was signed by all five members of the El Cerrito City Council.

City Mgr. Edwin S. Howell commented that the "key" to the statement is in the final paragraph.

"As far as we are concerned, the Wagon Wheel is not under our jurisdiction," he said. "It wouldn't last five minutes if it were inside the city.

"The City Council is directly charging the county and state with responsibility."

He said "more than the sheriff" are involved, pointing to Constable Ross L. Moon, who has supervision of nearby unincorporated territory, and "other law enforcement officials."

OBTAINS COPY

Moon obtained a copy of the statement a moment after its release.

Neither Long nor Dist. Atty. Francis Collins were in their offices this morning and could not be reached for comment.

Howell closed a press conference by declaring many complaints have been received against the Wagon Wheel. "The people of El Cerrito are tired of this situation," he said.

Target for the council action was the Wagon Wheel, a resort in the "panhandle" area between El Cerrito and Richmond, where an Oakland woman reported she was bilked during an all-night card game.

The Wagon Wheel was closed last night. Only a dim light burned in the upstairs room where hundreds of people ordinarily gather around the card tables. The parking area was deserted.

LATEST SCANDAL

The latest in the long series of gambling scandals which have rocked Contra Costa County broke early Wednesday morning when Mrs. Lena Spector Grimes, 57, 768 Santa Ray Avenue, Oakland, was arrested by El Cerrito police for passing bad checks.

A widowed grandmother and a practical nurse, Mrs. Grimes sobbed out a story of gambling losses at the Wagon Wheel. She told police she had cashed four checks with El Cerrito merchants between Tuesday afternoon and 3 a.m. Wednesday, and lost the proceeds in a "lo-ball" game.

She said she had even given a wrist watch in exchange for \$10 in chips, which also were lost. Mrs. Grimes acknowledged she was a frequent visitor to the Wagon Wheel, and tearfully declared she had previously lost money, a fur coat and rings at the gaming table.

'Loot Lost at Wagon Wheel'

An AWOL sailor, who confessed six holdups today, told police that his robbery gains were turned into losses at the gaming tables of the Wagon Wheel, on the outskirts of El Cerrito, according to Police Lieut. Walter Hawkinson.

The confessed robber is Ralph W. Potts, 22, absent without leave from San Diego, who was captured

Picture on Page 11

shortly after his sixth robbery last night.

Hawkinson said Potts obtained \$176 in his first three robberies here Monday night.

Between then and the time he was apprehended by an Emeryville policeman last night, Potts spent one night at the Contra Costa County club, gambling and drinking until he had lost the money.

UNABLE TO REMEMBER

Potts was unable to remember which night he had been to the Wagon Wheel, but Hawkinson said he will be questioned further concerning details.

Potts' second three robberies were committed last night. He was driving a stolen car obtained in the first holdup when he was caught by Officer Aldo Berta of Emeryville.

Besides the six holdups here, he has admitted crimes in San Diego, Fresno and other cities, according to police. He stole the two guns found in his possession from an automobile, police said.

By 43
Oakland
Suburban
in date

*Oakland Hill
undated*

ROBBED, CAR TAKEN

Potts was driving a car stolen from Robert S. Fitzpatrick, 35, of Oakley. Fitzpatrick told police the gunman jumped into his car at Telegraph and MacArthur and forced him out in Joaquin Miller Park after robbing him of \$23.

Driving Fitzpatrick's car, police said, Potts went to Albany and held up Mrs. Edith Blackett, 25, in her husband's liquor store at 904 San Pablo Avenue. He obtained \$60.

The next robbery occurred at a liquor store at 6705 San Pablo Avenue. He took \$40 from Joe Janikula, 26, of 240 Oak Avenue, the clerk.

The stolen car was sighted southbound on San Pablo a short time later by Officer Berta. Berta overtook the car at 37th Street, and, with gun drawn, handcuffed Potts. Potts had one pistol on the front seat and another on the back seat of the car. Both were loaded.

Turned over to Oakland police, Potts confessed all the robberies, Hawkinson said.

The crimes Monday were committed in the same manner. The robber forced his way into an automobile owned by Elmer Clark, 43, of 3040 Adeline Street, robbed Clark of \$16, and then took the car. He then robbed grocery stores at 3827 East 12th Street and 1537 Lincoln Avenue, Alameda, obtaining \$60 and \$100 respectively.

Potts is held in the Oakland City Jail, with holds placed by Albany police and the Navy. He said he has been living in an Oakland hotel.

POOL-TYPE SCHEMES

Pyramid Friendship Clubs are pool-type schemes under which the members take turns in collecting fabulous sums, most commonly \$2048 for a \$1 investment. Law enforcement authorities view the clubs as fertile ground for racketeers.

In his opinion to the chiefs of police, Coakley declared that the "pyramid club idea is not new.

"A scheme basically identical with that of the Pyramid Friendship Club was held to be a lottery by the United States Supreme Court as long ago as 1904 in a decision concurred in by such able jurists as Oliver Wendell Holmes, Edward Douglas White, David J. Brewer and Henry B. Brown," said Coakley. "Another scheme basically similar was likewise held to be a lottery by the Appellate Department of the Superior Court of Los Angeles County in 1937."

CRIMINAL OFFENSE

"Our investigation discloses," the district attorney said, "that a considerable number of otherwise law-abiding citizens have become involved as participants in the operation of friendship clubs in this county and that they are unaware of the fact that they are thereby committing criminal offenses.

"Under the circumstances, in the absence of fraud or other evidence of moral turpitude, I am not inclined to prosecute those who up to date have participated in friendship clubs without knowledge of their illegality."

But he served "notice and warning" that friendship clubs "cannot be condoned" and that "henceforth, under the provisions of the Penal Code of California, persons participating in such operations in this county are subject to arrest and prosecution for conducting a lottery and that any moneys involved may be seized and forfeited to the state."

SOUTH BLAMED

Southern Californians who revived the scheme, similar to the chain letter plan, have been held responsible for its spread all along the coast.

Attorney General George Neuner, of Oregon, said in Portland that the clubs are illegal and police were attempting to break up operations.

Portland pyramid clubs estimated they had 1500 to 1800 members and estimated that 350 separate parties were held last night with 800 more planned for tomorrow.

El Cerrito Says There Is No Gambling

Statements carried in east bay newspapers today that there was gambling in El Cerrito, drew this statement from Lt. Howard Thulin, acting chief of police:

"Like San Francisco and Alameda counties there undoubtedly was gambling in the past, but insofar as the city of El Cerrito is concerned there has been no gambling within the past six years, there is no gambling at the present time, and there shall be no gambling in the future."

Jail Faces 'Pyramidiers'

Friendship Clubs Ruled Illegal; Cash To Be Confiscated

Dist. Atty. J. Frank Coakley today declared that Pyramid Friendship Clubs are illegal and moved to stop the operations in Alameda County.

He warned that anyone involved from now on will be subject to arrest and that money may be seized.

Coakley gave his stand in a letter to chiefs of police of all cities in the county.

He advised the chiefs that pyramid clubs violate the lottery provisions of the penal code and that "all moneys offered, held or transmitted for distribution in the operation of a pyramid club are forfeited to the state" and may be confiscated by the attorney general or district attorney.

Oakland Tribune
7/8/49

Slot Machines Are Jingling Again in Contra Costa County

Fully recovered from the heat of a recent newspaper expose, gambling operations have been resumed on the normally extensive scale in Contra Costa County.

Outstanding feature of the resurgence is the appearance of pay-off slot machines, with the clinking of coins plainly audible from back rooms of dozens of bars.

A tour through the county revealed widespread operation of back-room slot machines, without even the subterfuge of over-the-bar payoffs. The "For Amusement Only" tags which appeared several months ago have been discarded.

After a brief shutdown, major bookmaking and gambling establishments have reopened and are running full blast. Particularly active are the Trocadero, on the San Pablo Dam Road, and the Wagon Wheel, in the panhandle strip of unincorporated territory between El Cerrito and Richmond.

FOLLOW A PATTERN

Smaller bookmaking establishments were doing a big business, obviously profiting by the heat being applied on Oakland bookies by the new police vice squad, and the lid clamped on racing bets in San Francisco.

Slot machines were running wide open in Crockett, and almost to that degree throughout unincorporated areas.

In nearly every case, the setup followed a well-established pattern. One or two consoles, with pay-off slots closed, are at each bar. Players who demand them, receive pay-offs from the bartenders.

Inevitably there are three machines in the back room—one for nickels, another for dimes, the third for quarters. These are the direct pay-off machines, many of them the old fashioned "one-armed bandits."

Bartenders grinned and shrugged when asked why the back-room set-up. The rooms were open to the public, play was brisk, and the whirr of the machines and the clink of coins was audible even to the sidewalk.

NUMBERS RACKET

At least two places in Rodeo had

the full complement of front and back-room machines, while others confined operations to consoles at the bar.

Pinole, which is incorporated and under city rather than county control, had only the console machines, but a place just outside the city limits proudly displayed a horse-race machine, with five slots for nickels, which could be played singly or all at the same time. This gave a pay-off.

Along San Pablo Dam Road, seemingly in deference to nearby top-level competition, only a few of the small places had pay-off machines, and some even had fly-specked and dusty "for fun" cards on consoles.

Conversation with habitués in various places developed reports that a branch of the numbers racket, extremely popular in the East, is running from a place on San Pablo Avenue in El Cerrito. Operations were reported to be taking place in a well-guarded upstairs room at the rear of the building.

STOCK DEAL PROBE

In both Oakland and San Francisco bookmaking was still slowed down. Here the new police vice squad has made bookies extremely cautious and strangers were finding it almost impossible to place a bet. San Francisco was quiet because of recent police shakeups and uncertainty as to the effect of Grand Jury action pending in San Mateo County.

Already considering tighter regulation of licensed card rooms, the San Mateo Grand Jury was scheduled to meet tomorrow night for consideration of a stock deal involving Sheriff James J. McGrath and Emelio (Gamba) Georgetti, prominent figure in gambling circles.

The jury's law enforcement committee has asked for an investigation of the transfer of eight shares of Hollywood Turf Club stock from McGrath to Georgetti, at a price reported \$120 a share above market value.

McGrath claims he did not know the identity of the purchaser.

undated

Daily KNAVE

If investigators for the Crime Commission are looking for pay-off slot machines in Contra Costa County—and that's what somebody was saying the other day—they won't find any at the Trocadero.

No matter what anyone tells you about the place out on the San Pablo Dam Road the slot machines don't pay off.

Of course, there's always the possibility that you might talk the bartender into a cash pay-off on the side, but no casual visitor could do it.

The pay-off slots on the machines are locked. You can play to your heart's content for "amusement," but that's all.

O O O O

There's considerable satisfaction in being able to make such a report, because the stories we have been hearing about the Troc seemed to call for investigation.

Accordingly, a visit to the place refuted the slot machine rumor.

As a matter of fact, the slot machines were getting practically no attention at all. The place looked like a Public Library during a busy hour, with some 300 people sitting around at small tables, intent on reading and study.

The resemblance to a library was not complete, however. It seemed that all of the literature under study was devoted to that fascinating endeavor to improve the breed of thoroughbreds.

Posted on the wall were lists of horses being improved at such equine cultural centers as Santa Anita, Tropical Park, and Fair Grounds.

There was a continual stream of students going from the tables to a room at the rear of the place where four people were seated at a long table.

They seemed to be accepting money, usually \$2, from each of the students, and were issuing cards bearing a number corresponding to that of one of the horses listed.

From time to time a suave gentleman came out of the office to call out a number and mention a price. Each announcement was greeted with expressions of joy from a few, very few, of the patrons. The others exhibited disgust and tore up their tickets.

Our operative picked a number at random, laid down his two bucks, and a few minutes later turned in his ticket for a return of \$4.90, proving that intensive study is not always necessary.

For a few moments our operative was inclined to believe that he had gotten into a bookmaking establishment, but he banished the thought when he realized such operations are entirely illegal.

Page 45

undated

O O O O
Near the entrance to the back room a gentleman was busily dealing out cards to a group of patrons standing around a table.

He was raking in 50-cent pieces and chips marked \$1 and \$5, hesitating occasionally to toss a coin or a chip to one of the players. The chips were lettered "PPSR" but what that meant, our operative could not determine.

It looked for all the world like a blackjack game, and our operative found it was being conducted under rules identical with that pastime. He tried hitting for 21 and lost \$5 in quite a hurry. Then he got smart and stood short for a series of plays, with satisfactory results.

In just a few minutes he had recovered his \$5 and was \$1.50 on the profit side when he quit the table.

O O O O
Our operative spent some little time chatting with the patrons. He found them to be all types, from manual workers to businessmen.

Prominent among the latter was one of the county's leading businessmen, a quick-stepping little fellow wearing dark glasses, although he did not seem to be a patron. He was spending most of his time in the back room, at the long table.

The beer, our observer reports, was excellent, but he regretfully informs that he can not say the same for the hamburgers. In fact, it was a slight-*nausea*, following just one bite, which caused him to conclude what promised to be a very profitable afternoon.

He wishes to emphasize that those slot machine reports are definitely untrue. They do NOT pay off.

O O O O
Daily
KNAVE

Gang warfare for multi-million dollar stakes—the gambling "take" of the entire Bay area—portends in Contra Costa County.

Visioning huge profits from the concentration of illicit enterprises there, two big-time organizations, the Mickey Cohen gang from Southern California, and the "Mafia" of the mid-West, are moving in.

That is the yarn now circulating through the state, the subject of surreptitious conversations in night spots, the "tip" of the moment in law enforcement circles.

It sounds like a two-bit novel, or the script for a Grade B movie. But it's told as gospel truth by the bartender who whispers as he rolls his eyes toward a back booth in which hard-faced customers have their heads together; the runner for a bookie, who keeps friendly with the cop on the beat; and the blackjack dealer whose joint was closed, temporarily, and who had a few too many.

From them and scores of others who claim to be in on the know, comes this story, repeated for what it is worth:

Until recently, the Contra Costa County field was a home-town project. Card rooms, bookmakers, and slot machine operators did a thriving but uneventful business.

City police departments generally kept their jurisdictions comparatively clean, but the rackets operated openly in the unincorporated areas, with only occasional interference by nose newspapermen.

Contra Costa County was a place for a night out. Night clubs with hot floor shows, tables for rolling dice and clicking chips. But the bulk of the business came from the paychecks of workers in the county's huge industrial plants. They could split a bet on a race-track tip, drop a handful of nickels in a slot machine—or leave the rent money at a "lo-ball" table.

Then San Francisco clamped the lid on operations there. Card rooms were closed. Bookies took a vacation. Even the most exclusive clubs moved out the slot machines.

In Oakland a police department scandal over tip-off of bookmakers in advance of a raid brought creation of a new vice squad. Striking at gamblers and bookies, the raiders quickly forced them into seclusion, sharply curtailing their operations.

Coincidentally a San Mateo County Grand Jury started probing gambling there, and operations shriveled under the heat.

O O O O
Overnight, Contra Costa County became the gambling center of the Bay area. Business poured in from neighboring communities. Bookmakers' phones rang continuously. Card rooms went on a day and night schedule. Pay-off slot machines replaced the "For Amusement Only" devices.

O O O O
From his haberdashery on the Los Angeles Sunset Strip, Cohen sensed opportunity. For years a tacit agreement with Elmer "Bokes" Remmer had kept him out of Northern California. Now Remmer's star was fading and the concentration of business in Contra Costa County could not be overlooked.

Cohen is boss in Southern California gambling circles. He acknowledges without quibbling that he "finances" bookies and gamblers.

His is the organization which now is attempting to move in on Contra Costa County. The vanguard is already here. Some important connections have been made. The home-town boys are not sleeping so well these nights.

O O O O
Their insomnia is not relieved by a sudden influx of the "Mafia," high ranking representatives of a fantastic underworld organization with headquarters in Chicago and Cleveland.

Nick De John was reputed to be a top man in the organization. He was supposed to be looking over the Bay area, "casing" the territory for a muscling-in project.

When his garrotted corpse was found stuffed in the trunk of his own flashy convertible, the "Mafia" seethed.

Immediately it sent men here to conduct a gangland investigation. Others have come in as "observers" at the trial now under way in San Francisco.

Like Cohen, they have noted the suddenly increased importance of Contra Costa County. Like him they vision a haven from which to tap the gambling money of a Bay area of more than 2,000,000 people.

They, too, have made connections. Already a numbers racket, never popular here in this traditional stronghold of Chinese lotteries, is reported in operation.

O O O O
The underworld rumble is that a deal is in the making. There are guarded whispers of important conferences between important people. The tip is that Cohen and the "Mafia" are discussing an alliance. That instead of quarreling over the spoils they will join forces to take over.

Concurrently comes the report that the local boys are anxious to avoid a battle, ready to cut in the big guys, to sacrifice a part of their county-wide empire and thereby retain a part.

If the present situation holds, it is maintained, there will be plenty for all. With the entire Bay area as a resource, even a part interest in the Contra Costa County set-up will be of tremendous value.

Deals — all kinds of deals — are cooking, and the outcome is still uncertain. The unrest behind the scenes could quiet in an amicable new deal. Or one untoward move could plunge Contra Costa County into bloody gang war.

O O O O
That is the story—unsubstantiated, of course, because gangsters talk only to gangsters, and never issue press releases.

But it's a story that has believers both in the underworld and in law-enforcement circles.

It's a story that could never come to pass IF Contra Costa County should stage a gambling cleanup.

But Sheriff James N. Long "has not been informed of anything."

Dist. Atty. Francis Collins "leaves everything to the sheriff."

And the county Grand Jury has had "no complaints."

—THE KNAVE.

unidentified

NURSE ACCUSES GAMING 'DENS'

Blames Bad Checks for Her Losses at Club

EL CERRITO, Feb. 9.—An Oakland nurse who admitted to police that she cashed fictitious checks to finance gambling losses at the Wagon Wheel, gaming club in the panhandle area outside of El Cerrito, was held for investigation here today.

Mrs. Lena Spector Grimes, 57, of 768 Santa Ray Avenue, Oakland, blamed the "lo-ball" game operated on the upstairs floor of the Wagon Wheel for her loss yesterday of \$35 in other people's cash, and a wrist watch which she said she left as security for \$10 in chips.

Mrs. Grimes was taken off a bus at Gilman and University Avenues by Berkeley police last night, and turned over to El Cerrito police.

ADMITS CASHING CHECKS

Under questioning by Patrolmen H. D. Wood and Ray Carlson, she admitted cashing four fictitious checks here yesterday.

Two of the checks were cashed at a small restaurant and later exchanged for a bank receipt. The others were cashed at a cleaning establishment and a liquor store. They totalled approximately \$35.

She said she lost the money gambling at the Wagon Wheel.

With her funds gone, she said she gave her wrist watch to a man named "Carl," who supplied an additional \$10 in chips, which she also lost.



Mrs. Lena Spector Grimes, 57, weeps as she tells how she cashed fictitious checks to pay Wagon Wheel gaming club losses.

—Tribune photo.

LOST DIAMOND RING

Mrs. Grimes told police that she has been a patron of the Wagon Wheel for some time. Several months ago, she said, she gave "Carl" a diamond ring, which she was unable to redeem. She said "Carl" told her he had sold it for \$60.

Police said a Carl Ahlin is listed as the operator of a card club at the Wagon Wheel.

Tracing her movements yesterday, Mrs. Grimes told police she had cashed a check at a cleaning establishment early in the afternoon. She said she went broke at the "lo-ball" table, and returned to El Cerrito to cash another check at a liquor store.

The procedure was repeated, and the last two checks were cashed at an all-night hot-dog stand.

The money from them, and the wrist watch, carried her through an afternoon and night of gambling. She said she began to be concerned over the checks as she left the Wagon Wheel some time before 5 o'clock this morning.

GRABBED CHECKS, RAN

Mrs. Grimes said she went to the hot-dog stand and tried to persuade the man in charge, Raymond Tatum, to return the checks. He was reluctant, but she offered a bank receipt for \$15, grabbed the checks, and ran.

Tatum saw her board an Oakland-bound bus and reported to police. They notified Berkeley police, who intercepted the bus and took her into custody.

Mrs. Grimes told police "thousands of dollars" are played in the "lo-ball" game, which is reputedly private, for

She holds a member-

Widow, Jailed in Check Case, Blames Plight on Gambling at Wagon Wheel

Tells of Her Heavy Losses There

A 57 year old, white-haired grandmother of six, her respectability still showing through the ravages of a nervous breakdown, sat yesterday in an El Cerrito jail cell and told a story of gambling degradation.

It was her own story, but it was also the story of the Wagon Wheel, the notorious Contra Costa County gambling house which for years has successfully withstood the feeble forays of city, county and State law officers.

The woman was Mrs. Lena Spector Grimes of 768 Santa Ray Avenue, Oakland, who was jailed for investigation of issuing bad checks.

She presented the checks to an El Cerrito cafe during a bad run of luck at the Wagon Wheel Tuesday night.

RELEASED—

But after she was jailed, the restaurant refused to press charges. And yesterday afternoon, Mrs. Grimes was turned over to the custody of her son.

"You want to know what this Wagon Wheel gambling den is like?" asked Mrs. Grimes, before she was released.

"It's like a hell. Hundreds of women jammed in there, all of them gambling like it's a disease they can't get rid of. All day and all night, pawning their coats and rings and watches.

"And losing, always losing. Look at me."

The mention of jail would have been a joke in the old days. Mrs. Grimes, a widow, lived happily with her daughter, Mrs. Martha Shapiro, and part of her growing brood of grandchildren.

She was aging gracefully, was respected and respectable. Her son, Louis Spector, of 3016 Santa Clara Avenue, Alameda, was the well-to-do manager of a big Oakland clothing firm.

Then one day some friends took Mrs. Grimes to the Wagon Wheel, initiated her into the thrill of a game called "low ball." She won a little and the germ took hold.

Soon she was going back on her



SAVINGS GONE—Mrs. Lena Spector Grimes, 57 year old widow and grandmother, who sobbed out a story of losing her life savings in the notorious Contra Costa County gambling den known as the Wagon Wheel.

—Photo by San Francisco Examiner.

own with increasing regularity. But the winning nights were few. Mrs. Grimes began to increase her stakes, to dip into the savings of a lifetime.

DAILY HABIT—

Before she realized it the Wagon Wheel had become a daily habit and "thousands of dollars" had gone down the green baize drain.

First her fur coat went into the pawn shop; then her rings and her watch.

"Everything was gone," she said yesterday, "and I could think of nothing but how to get that money back. So I guess I

cashed some checks that were not good."

The phony checks were cashed, but friendly merchants refused to press charges and Mrs. Grimes' son and daughter made them good.

BREAKDOWN—

Finally, a month ago, the strain became too great. Mrs. Grimes suffered a nervous breakdown. Her children placed her in Berkeley's Herrick Memorial Hospital under the care of a psychiatrist.

BT 48

She was released a week ago—and headed straight back for the Wagon Wheel now obsessed “with the idea I had to get that money back to pay my children.”

It worked no better. Tuesday night she lost what little she had with her, got \$10 more for her wrist watch from a dealer named “Carl.”

That went down the rat hole and Mrs. Grimes walked out and over to a near-by El Cerrito cafe. There she cashed a check for \$10.

ANOTHER CHECK—

Back at the Wagon Wheel she lost that, too, and the frantic feeling grew. Another \$5 check, cashed at the same place, disappeared with equal speed.

In the early morning she walked out again, whipped. Desperate she stopped by the cafe again, asked if she could exchange a \$15 check for the earlier two.

The manager agreed, but Mrs. Grimes, haunted by the vision of an empty bank account, snatched up the first two checks and ran from the restaurant.

She was picked up a few hours later.

BUCK PASSED—

The legal passing of the buck was strictly traditional.

Said El Cerrito's acting Police Chief Howard Thulin:

“The Wagon Wheel's out of my jurisdiction. Can't do a thing about it.”

Contra Costa County Sheriff James Long:

“I haven't heard a thing about it. Sure, if Thulin gives me a report I'll probably make an investigation.”

District Attorney Francis Collins:

“The matter has not yet been brought officially to my attention.”

unidentified

Aid Asked by El Cerrito in Gaming War

City Council Sends Resolution and Letter To Warren, Sheriff

The El Cerrito city council yesterday went a step further with its strongly-worded resolution for a crackdown against alleged gambling outside its city limits.

It ordered the resolution be sent directly to Governor Earl Warren, his Crime Commission, and Sheriff James N. Long of Contra Costa County, among others, with a letter calling attention to its “embarrassing position” in having such a neighborhood adjacent to its boundaries.

“This is the finale so far as we are concerned,” Mayor Millard E. Bostock said. “Now it is up to the powers that be.”

This was the first time the council had indicated it intended to do more than put its resolution against “gambling and other forms of lawlessness” on the record.

HOPES FOR ACTION

Mayor Bostock said he “hoped” the new appeal would bring action. Denying the council is trying to “pass the buck,” Bostock said on the contrary “we are sticking our necks out” because “it is not up to us to take action in this matter.” He termed the council's action its method of attempting to end the situation once and for all.

Copies of the letter and of the resolution went to the Governor, the Crime Commission, and the Attorney General's office.

Closer to home, it was ordered sent to the sheriff's office, the grand jury, District Attorney Francis Collins, the board of supervisors, and Constable Ross Moon of the 7th Township, the unincorporated area including and surrounding El Cerrito.

‘PUNCH’ IN LETTER

The “punch” to the letter was the inclusion of the resolution adopted by the council Friday, stressing its “grave concern” over increasingly serious reports of gambling said to be thriving too close for civic comfort but too far for civic jurisdiction.

The letter itself was without sting:

“We are attaching a copy of a press release authorized by the El Cerrito City Council,” it said.

“You are obviously aware that the metropolitan newspapers have continuously placed the El Cerrito City Council in an embarrassing po-

Continued Page 4, Col. 5

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unidentified

sition, to the point where a public statement was necessary.

"The city council is of the opinion that you should have an exact copy of this release in your files."

OBVIOUSLY AWARE

The "obviously aware" phrase was expected by the council to have more meaning for some of the addresses than others.

The reference to the council's being placed in an "embarrassing position" by newspapers stemmed reportedly from numerous stories pinpointing gambling as being in the El Cerrito area.

The council underlined the fact that actually the area under fire is outside of the city limits and thus is as removed from El Cerrito law enforcement as if it were in a different part of the county.

In the resolution adopted after a five-and-a-half-hour session, the council called upon Contra Costa County and state officials to maintain law and order in unincorporated sections of the county and declared it was "positive that the sheriff's office is thoroughly cognizant of the conditions existing . . ."

NOT SINGLED OUT

City Manager Edwin S. Howell denied the published report that Constable Ross L. Moon was picked among those responsible and said his name was not mentioned nor was he singled out from any law enforcement officials.

The Contra Costa County Grand Jury, although scheduled to go into session tomorrow night, has no scheduled plan for taking up the newest gambling scandal.

"Somebody might bring it up," Victor M. Parachini, Antioch banker and former of the grand jury, explained. "I'm not planning to. I run the Grand Jury democratically, and it's up to them."

Parachini stressed, however, that his position and that of the Grand Jury remained as announced last month.

"We are ready to take action when we have something definite and well supported, to take action on."

He verbally underlined the well supported and repeated:

"I'm not protecting anyone. There's indications there's something radically wrong somewhere—things under the surface that we don't know."

COMMON KNOWLEDGE

"It's quite common knowledge that these things exist around the county. This might start some action in the right place and point the finger in the right direction."

Referring again to the action

taken by the El Cerrito City Council, Parachini said he hoped they would send it where it will do the most good, and that perhaps organizations and "the people" might be able to do something.

"My first statement is even better now than it was then," Parachini continued.

"When the people want to do something, something can be done."

Two weeks ago Parachini scored public apathy and declared that if the voters continue to elect "sheriffs and district attorneys who must know what is going on, there was nothing the grand jury could do."

REPEATS STATEMENT

He repeated that the jury was "just a group of businessmen who wanted to do right by the county, but cannot go personally into these places and make investigations."

"Just about the time we got started," he added, "the places would be closed. It takes a long time for the grand jury to get in action and we would get no place."

Any possibility that county ministers would follow the action of San Mateo County ministerial groups in taking up arms against gambling was written off the fact that no such group exists in Contra Costa County.

"We are separated by geography—and other things"—one prominent minister pointed out.

SAN MATEO CASE

The San Mateo ministers took the grand jury there to task for announcing the churches did not want anti-gambling laws or that they wished to be exempted from such laws.

"If there be such churches, let their shame rise to heaven," the ministers said in an open letter.

The Board of Equalization also is out of the picture as far as the present allegations go, James H. Quinn, member for this district, said.

The board can only take action if the owner of the liquor license is arrested and convicted of gambling. Then the board has the power to hold a hearing to decide if the license should be revoked or suspended, Quinn explained.

The latest in Contra Costa's long series of gambling scandals—and target for the council action—involved the Wagon Wheel, well-known "hot spot" in the unincorporated area between Richmond and El Cerrito.

BROKE SCANDAL

It broke early Wednesday morning when Mrs. Lena Spector Grimes, 57, Oakland grandmother, admitted passing bad checks to pay for gambling losses at the Wagon Wheel.

The council resolution deplored the "unfavorable publicity" brought by adjacent gambling establishments to the community and pointed out it was of "grave concern to us

when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good name of El Cerrito."

The Coast Enquirer
2/15/49

Frowns At Jury Session

MARTINEZ, Feb. 15.—A five-hour session of the Contra Costa County Grand Jury called to discuss gambling ended at 1 a. m. today—but neither the grand jurors, Sheriff James N. Long or District Attorney Francis Collins would admit that gambling was even mentioned.

The session got under way at 8 p. m. yesterday. It was highlighted by a three-hour and 40-minute grilling of Sheriff Long. When he emerged from the grand jury room, wearing a deep frown, Long summed up his version of what happened in two words:

"No comment."

GAMBLING REPORTS

A grand jury statement issued by Foreman Victor M. Parachini, president of the First National Bank in Antioch, said little more.

Last night's session was called as the result of a number of reports that gambling was again rife at the Wagon Wheel, an establishment located in the unincorporated area between El Cerrito and Richmond.

It was called, too, after the El Cerrito City Council sent letters to state and county officials saying:

"We are positive that the Sheriff's office is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito."

Asked if the grand jury had discussed the El Cerrito communication, Parachini replied:

"No comment."

Long's answer to the same question was identical.

At 1 a. m., Parachini issued the following statement on behalf of the grand jury:

"This was a regular meeting of the grand jury. The district attorney appeared with the grand jury in his capacity as adviser as he has done at previous grand jury meetings.

"The Sheriff was present.

"There were no facts presented which questioned the

(Turn to page 5, column 3)

Grand Jury Grills Sheriff

... FROM PAGE ONE

integrity of the Sheriff or his office.

"No further comments are to be made until further meetings are held."

Groups of citizens who said they had hoped to appear before the grand jury to testify regarding gambling left the Contra Costa County Courthouse without testifying as the session continued past the midnight hour.

El Cerrito Waits Word From Jury

EL CERRITO, Feb. 15.—City Manager Edwin Howell said today that if El Cerrito doesn't hear from the Contra Costa County Grand Jury concerning last night's meeting "we will have to consider that they took no action on the Wagon Wheel case."

Howell said two copies of the El Cerrito City Council's complaint against gambling in the adjacent unincorporated area had been sent to the Grand Jury last Saturday. He added:

"If the Grand Jury met for five hours, it probably was a very interesting session. If the sheriff and district attorney attended the session—and if anything came out at the session—I doubt if they'd make it public."

Howell said he "understood" the Wagon Wheel had moved out some of its gaming equipment.

"They're apparently afraid of Gov. Earl Warren's crime commission," he said.

County Board Votes for Zone Type Ordinance

MARTINEZ, July 1—District Attorney Francis Collins has been instructed to draw up a zone-type ordinance banning draw poker in "No-Man's Land," the unincorporated area adjoining Richmond and El Cerrito. The action was taken through a unanimous vote by the County Board of Supervisors after prolonged discussion as to whether the ordinance should be of the zone type or countywide.

Four of the supervisors favored the zone-type ordinance, while Supervisor Jacob Frederickson, of Antioch, said a countywide ordinance banning draw poker should be enacted.

Among civic leaders appearing before the board were Richmond City Attorney Thomas M. Carlson, Carroll Pitchford, assistant city manager, and three representatives from El Cerrito, Councilmen Henry Gillan and Edward A. Valentino, and El Cerrito City Manager Kenneth Smith. Ralph Miller, of Lafayette, spoke as a representative of the Lafayette Improvement Association.

Supervisor Ivan Goyak, representing the west Contra Costa County area, made the motion for the zone-type of ordinance.

Valentino, pointing out the effects of draw poker parlors, said that prior to 1946, and before El Cerrito adopted a city ordinance banning poker parlors, court fines amounted to \$30,000 to \$40,000 per year. He said that following the passage of the city's ordinance, court revenue dropped to approximately \$4,000 per year.

Valentino claimed that there was no doubt that this resulted from the ban, and cited the fact

(Turn to Page 2, Col. 4)

Mickling

Oakland Tribune
2/11/49

BIG EAST BAY BOOKIES CLOSE; 'HEAT' ON IN S. F.

Tavern Owners Face License
Hearing Over Bets

By ERNEST LENN

District Attorney Edmund G. Brown's crackdown on bars from which bookies operate began here yesterday as a heat wave engulfed East Bay bookie parlors, including El Cerrito's notorious Wagon Wheel.

Fast moving developments in the Bay area's abrupt gambling eclipse were:

- 1—The State Board of Equalization, at Brown's request, filed its first accusation against the license of a tavern where a bookie had been arrested. Action against operators in sixteen other bar-bookie cases was being considered by Brown.
- 2—Not only the Wagon Wheel at El Cerrito, but other Contra Costa bookie operations and gambling joints shut their doors. The blackout followed Sheriff James N. Long's announcement that he was investigating a resurgence of gambling there, since San Francisco and San Mateo County clamped on the lid.
- 3—Graphic evidence that the bookie heat had spread to the East Bay was the disclosure by distributors that there was little demand for racing papers.
- 4—San Mateo County deputy sheriffs staged their second card room club raid within a week. They "knocked over" a club at The Singing Chef, near the Santa Clara County line. The operator was charged with operating without a card room license.
- 5—Reports that a new San Mateo County gaming venture was preparing to open resulted in the sheriff's office announcing that it will be kept under surveillance.
- 6—The San Mateo County board of supervisors will act today on a new card room club ordinance. A request that it contain "teeth" will be made by a delegation from the grand jury.

*San Francisco
Examiner
June 21, 1949*

FACES HEARING—

Named in the board of equalization's first bookie-bar accusation instigated by Brown was Amadeo Cresci, licensee of the Valley Tavern, 3901 Twenty-fourth Street.

He will face a board hearing to determine whether disciplinary action should be taken against him.

Board of Equalization Member George R. Reilly said a board referee will preside at the hearing, with Brown's office presenting any evidence.

Brown informed Reilly that an employe at Cresci's tavern, Harry Baker, was arrested October 6. Baker was fined \$1,000 and given a two year suspended sentence in court.

Brown has contended Cresci was aware of the fact a felony was being committed on his premises.

NEW POLICY—

In a new policy move, Brown has announced he will request disciplinary action against tavern licensees when bookies are arrested on the premises and subsequently convicted.

Revealing he is considering action against licensees in sixteen other bar-bookie arrest cases within the past year, Brown said:

"My office is screening these

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SHERIFF HIT BY EL CERRITO

El Cerrito city officials today called upon Contra Costa County and state officials to maintain law and order in unincorporated sections of the county.

A formal resolution, adopted after a conference that lasted until 1:30 a.m. today, was released this morning by the City Council.

Specifically the council charged that "gambling and other forms of lawlessness" are thriving in the county and declared the councilmen are "positive" that Sheriff James N. Long is "thoroughly cognizant" of the conditions. The statement follows.

"Every member of the City Council of El Cerrito deplors the unfavorable publicity which continues to cast shadows of doubt on our law enforcement. We have continued to make honest, energetic efforts to enforce the laws within our own city limits.

"It is of grave concern to us when gambling and other forms of lawlessness are alleged to be thriving so close to our boundaries that it discredits the good name of El Cerrito. The Wagon Wheel, which definitely is not within the corporate limits of El Cerrito, has again given us unfavorable publicity."

"The police department of the City of El Cerrito is not charged with the responsibility of law enforcement in that area. We are positive that the sheriff's office is thoroughly cognizant of the conditions existing in the unincorporated area adjacent to El Cerrito.

"It is the duty of the county and State law enforcement agencies to investigate this matter fully and to take the necessary steps to maintain law and order in this unincorporated zone."

The statement was signed by all

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