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CRIME-GENERAL

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF MISSOURI,
WESTERN DIVISION

NOVEMBER, 1948 TERM

Grand Jury Presentment of Local Crime Conditions

Interim Report

The Grand Jury of the United States of America for the Western District of Missouri, Western Division, impaneled the 14th day of March, 1949, upon their oath present that on the 28th day of September, 1949, they undertook an inquiry concerning the violations of federal laws and of the identity of the person or persons violating those laws in the Western District of Missouri. In pursuance of said inquiry the Grand Jury subpoenaed before it 185 witnesses who it was advised and believed could shed some light on the lawlessness that exists in this District as is indicated by various reports it received from law enforcement agents, by daily newspaper articles, and by the murders that have been committed in the Kansas City area. This lawlessness was believed to be the result of organized law violators.

Approximately 90% of the witnesses who appeared before the Grand Jury are law violators, and from evidence secured by a thorough and detailed questioning of all these witnesses, information supplied by federal law enforcement agencies, and the testimony of the Honorable Albert L. Reeves, Chief Judge of the Federal District Court for the Western District of Missouri, the Grand Jury is convinced and presents to this Court that there is no organized attempt at violating the federal statutes in this district; whatever violations of the federal statutes are being committed, are committed by individuals rather than by a regular organized concert of individuals or by some crime syndicate. It is a parent from the testimony of Judge Reeves that after an offender against the federal laws is apprehended by a federal officer, the speed with which he is brought to trial by the United States Attorney and the severe punishment meted out by the Court for serious offenses

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is the most compelling deterrent against federal violations in this district. In this connection it is noteworthy that in individual cases the time between the date of an offender's apprehension and the date his case is disposed of on the docket by the imposition of sentence varies from three to thirty-five days. Generally however, the average time between apprehension and disposition is fourteen days. With the exception of cases in which the defendants are fugitives from justice or are serving sentences for offenses in other jurisdictions, the oldest case on the criminal docket of the United States District Court for the Western Division of Missouri that remains presently undisposed of by the imposition of sentence is two and one-half months old. From a study of the operation of the District Court for the Western District of Missouri it is manifest that any delays between the date of the apprehension of an offender and the date of the disposition of that case by the imposition of sentence are caused by circumstances beyond the control of the court. This significantly underscores the wholesome respect in which federal laws, the federal court and federal law enforcement officials in this district are held.

The most striking illustration of this salutary awe and respect is exemplified by Charles Gargotta (recently murdered) who would have been indicted by this Grand Jury had he not shared the fate of Charles Binaggio. Among the most feared of the Kansas City underworld leaders, Gargotta was the first to violate the code of the underworld by disclosing the names of his partners and associates in the race horse wire news enterprise and gambling enterprises. However, the Grand Jury will continue its investigation for evidence of federal violations, organized or individual, and will report indictments on such violations as promptly as they can. Some indictments on individual violations that have been acted upon will be forthcoming shortly. At this point the Grand Jury would point out that a violation of the federal

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law had also been developed against Charles Binaggio, and that he would also have been indicted by this grand jury had he not been murdered.

THE GRAND JURY WOULD FURTHER PRESENT TO THE COURT that in this search for the violation of federal laws it has uncovered evidence of many violations of the state laws over which it has no jurisdiction. Because this is of the utmost importance to the community in which we live--our city, county and state--we deem it advisable not to delay until we have completed our labors to retort these conditions to the Court but are returning this interim presentment so that proper steps may be taken to arrest this terrible lawlessness--this utter disregard for our state as well as our municipal laws. The Grand Jury would be remiss in its duty if it failed to do this. In furtherance of this air,

THE GRAND JURY WOULD PRESENT TO THE COURT that the racketeers in this district are largely concerned with the operation of gambling enterprises and are organized. Nearly all of the large gambling operations in bookmaking (horse and sports events), policy wheels and dice or crap games are controlled by comparatively few men.

The gambling operations in the Kansas City area amount to the staggering sum of approximately thirty-four and one-half million dollars a year. Apportioned, there is a turnover of approximately nineteen million dollars in dice games, approximately three and one-half million dollars from the "numbers" or "policy" racket, and approximately eight and a half million dollars from bookmaking operations on horse races, and three and one-half million dollars cart other sports events.

There can be no doubt but that when money in these enormous figures is used in violation of the state laws corruption must creep in and law enforcement must suffer to the detriment of the community as a whole and to the citizen as an individual. The average citizen apparently is not concerned with and can see no wrong in a little two-dollar bet on a horse race, but when that two-dollar bet is multiplied by ten thousand throughout the day, the corruption that flows

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from those ill gotten gains breaks down and can ultimately destroy the law enforcement machinery.

THE GRAND JULY WOULD FURTHER PRESENT that it has heard considerable testimony concerning these various gambling games in the Kansas City area. It is shocking to learn that a regular system of law violation can develop where the startling sum of nineteen million dollars is turned over during the course of a single year, and that the operators of these gambling houses can grow fat and wax arrogant with the profits of their nefarious activities apparently without the slightest danger of prosecution for their violations of the state laws. In contrast, it appears that almost all of them are fearful of the consequences of violating the federal laws.

The dice game gambling operations in Kansas City present a vast and intricate picture, with the same individuals or combinations of those individuals appearing in different enterprises. The largest gambling operation in Kansas City was the Town Recreation. It operated at 3111 Holmes Street for approximately eight months with the following individuals as partners: Julius "Abe" Freeland, S. O. "Solly" McLeroy, Tim Moran, Tince Walker, Walter Rainey, Earl Kennedy, W. F. Wedow, John Goulding, Francis M. Leslie, Charles Gargotta, Tano Lococo, Clyde Keeling, William Cole, Robert Green and Sam Hayden. In less than one year this operation netted almost \$200,000.

Prior to the establishment of the gambling house at 3111 Holmes, William Cole, Clyde Keeling, W. N. Keeling, Tince Walker, and Robert Green, operated a gambling house at 29th and Brooklyn. Among the dice dealers who worked at these establishments was Homer Cooper, a henchman of Morris "Snag" Klein.

The State Line Tavern, Southwest Boulevard and State Line, is a gambling establishment and allegedly is on the Missouri-Kansas line. The place is notorious throughout the area for the persistence with which various gamblers have, from time to time, utilized these premises

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to evade the law. When raided by Missouri officers the operators have claimed that the establishment is in Kansas, and in the rare instances that Kansas officers have raided the place the operators have been able to successfully maintain that the establishment is in Missouri, without either sovereignty questioning its own jurisdiction. The most recent operation of this establishment began soon after the first of the year. It ceased while the Federal Grand Jury was in session but resumed immediately after the recess of the Federal Grand Jury on February 14, 1950. This operation stopped on April 6 after it was learned that Charles Gargotta and Charles Binaggio had been murdered. Dice games, horse books and blackjack tables comprised the majority of the gambling games. This most recent venture was undertaken by Charles Binaggio, Charles Gargotta, Tano Lococo, Edward Osadchey, alias Eddie Spitz, Morris "Snag" Klein and John Goulding. The building is owned by Goulding and because of its location the place has been sought after for about five years by the organized gamblers. The bank rolls of this operation vary from ten to twenty thousand dollars.

The State Line gambling establishment on one occasion was operated by John Goulding, Morris Klein, and Homer Cooper, and on another occasion by John Goulding, Abe Freeland, Tim Moran, S. O. "Solly" McLeroy, Tano Lococo, Charles Gargotta, Earl Kennedy, Morris Klein, and Eddie "Spitz" Osadchey.

In 1945, Fred Renegar, a former partner in this gambling establishment was found dead with four bullet holes in his head which would seem to have established the pattern followed in the recent murders of Binaggio and Gargotta.

In the Kay Hotel at Ninth and Main a dice game was carried on by Morris "Snag" Klein and Eddie "Spitz" Osadchey. Tony Bondon, father-in-law of the late Charles Binaggio, worked for Klein and Spite, as did Homer Cooper.

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Another dice game has been operating at 1711 East Ninth Street. Interested in this venture with Tano Lococo are Paul Nigro, Morris "Snag" Klein, and Eddie "Spitz" Osadchey.

On 85th and Wornall Road there was an enterprise of the Moran, Freeland, McLeroy, Walker combination, in which Alex Presta and Nick Savella also were partners. Alex Presta was also owner of the Pelican Club on West Ninth Street. J. A. Horn, the stick-man for Alex Presta

also worked at 3111 Holmes.

The Green Hills was probably one of the most notorious gambling operations in the Kansas City area. Although not active at the present time it has been operated as a gambling house intermittently from 1941 to 1949. It opened originally with Tony Gizzo and Fred Wedow as its bankers. Nick Penna, the late Charles Binaggio's chauffeur, worked there as did Tony Bondon, Binaggio's father-in-law. Between 1942 and 1945, the Green Hills was operated or controlled by combinations of the following: Charles Binaggio, Tim Moran, Julius "Abe" Frelander, S. O. "Solly" McLeroy, Charles Gargotta, Morris "Snag" Klein, Tano Lococo, and James Balestrere. George Beskas, a minor gambler, worked at Green Hills in 1946. Bondon worked there in 1940 and also in 1945 and 1946, as did Homer Cooper.

Another gambling venture, conducted by Gus Gargotta, Homer Cooper, Pete Alderson and Dutch Enderly, is located at 1899 Merriam Boulevard, Kansas City, Kansas,

The Snooker Club at 31st and Prospect has been operated by Julius "Abe" Frelander and S. O. "Solly" McLeroy. This spot is a horsebook and dice game enterprise.

The Fifteenth Street Merchant's Association was opened at 1511 1/2 Charlotte Street in May, 1948 as a dice game. Its operator's are Joe School, Max Jaben, William Genova and Jack Williams. It is significant that the same names generally appear in the operation of these many dice game operations.

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THE GRAND JURY WOULD FURTHER PRESENT TO THE COURT that horse race information comes to the local bookmakers from the Standard News Service, a Kansas City enterprise that is owned and controlled by Charles Gargotta (now deceased), Tano Lococo, Eddie "Spitz" Osadchey, and Morris "Snag" Klein, doing business as the Universal Distributing Company. A majority of those who own the Standard News Service have at one time or another been convicted of a crime—some state and some federal—and those of them that have not, should have been, for they all are law violators and have been for years. They have done practically nothing during their entire lifetimes other than to accumulate monies from illegal ventures. The Standard News Service receives its race horse news from Continental Free Service over wires and instruments it leases from the Western Union Telegraph Company. This news is transmitted from Chicago to other cities throughout the United States simultaneously with its transmission to Kansas City. It is the same organization that was operated by James Reagan of Chicago, Illinois, before his murder in 1946, and Mickey MacBride of Cleveland, Ohio. None of those who are partners in the ownership of the Standard News Service invested any money in the enterprise, nor have they ever done any work in connection with its operation. They received their interest in this franchise and share in its profits, only because of their domination of the Kansas City underworld.

Bookmakers—those who deal solely in taking bets on horses—must have instant and immediate information the various race tracks over the country in order to operate their business. They must have last minute track and weather condition reports, the names of the jockeys who ride the horses, and any last minute changes. They must have immediate news on the races, how the horses ran, and the exact time of the running so as to know when to stop taking bets on a particular race and when to place lay-off bets. The Standard News Service supplies that information to the bookmakers at varying but lucrative prices.

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The race horse wire service is the life line of bookmakers throughout the United States.

They are serviced through Western Union by the Continental Press Service. The recipients of this service who control it in each of the cities we have had occasion to inquire into are generally racketeers of a type similar to those in this city. The Western Union also supplies direct news to the sports events bookmakers by ranting to them teleprinters over which they transmit various detailed information with reference to each of the sports then being played over the country, be it football, baseball, basketball or any other popular competitive sport. In the Kansas City area more than 50% of the sports events teleprinter receivers, leased out by the Western Union Telegraph Company, are being used by the sports events bookmakers to assist them in their operations.

One of the largest horse book operations in Kansas City is operated by David Kramer, Harry, Ralph, and Meyer Rosenberg, and Charles Glazer. This combination has been operating for approximately seven years in a two-story warehouse at 85th and Prospect. The operations of these individuals are rather extensive and they do about a million and a half dollars gross business a year. The partnership operation is broken down into various gaming ventures and departments; for example, Kramer and Company consists of David Kramer, Charles Glazer, Jake Klein, and Max Ducoy. The Kramer Investment Company consists of David Kramer and Charles Glazer. "Rosenberg and Kramer" consists of the Rosenbergs, Kramer, Glazer, and Klein.

Another very extensive horse bookmaking operation in Kansas City is operated by Dred Finnell, Ike Temposky, Clyde Harris, I. H. Eisman, and Cy Davis. This operation is being carried on on Highway 50 near Ballemont Avenue. Temposky is reported to have recently disposed of his interest and to be preparing to depart this city.

For the past ten or twelve years Mike Lascoula, alias Mike School, Joe Lascoula, alias Joe School, and Harry Stilts have been conducting

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rather extensive bookmaking operations at 414 Park Street. In addition to his interest in bookmaking, Joe School is a partner in the Fifteenth Street Merchant's Association referred to above.

The Show Bar, 12th and Wyandotte, formerly the College Inn, is a building owned by Eddie Spitz which was leased to Walter Rainey, who in combination with Max Jaben, Cy Davis, and Wilborne Hicks, operate a horsebook in that place.

A bookmaking establishment at 4333 or 4335 Troost Street is conducted by Joseph K. Tigerman. Tigerman has also carried on bookmaking operations at 85th and Prospect. At the present time he is conducting bookmaking operations out of his funeral parlor establishment.

Not to be overlooked is William Jankowski who operates a rather extensive bookmaking operation at about 1116 Swift Avenue, North Kansas City, Missouri.

Bennie Sembler and Meyer Gordon operate the Harris Publishing Company in St. Joseph, Missouri. They disseminate race horse information to the bookmakers in that area and receive their news from the Continental Press Service's midwest circuit.

THE GRAND JURY WOULD FURTHER SHOW THE COURT that the Coates House Enterprise, a sports betting and bookmaking operation, was established in the Coates House Hotel in February, 1947, by Charles Binaggio, Tony Gizzo, Mel Levitt, Sam Butler, now deceased, and Joe Danzo. Binaggio and Gizzo had a 25% interest each, and Levitt, Butler and Danzo had a 16 2/3% interest each. The operating capital was \$15,000. This enterprise netted \$100,000 a year for each of the years 1947 and 1948.

In October, 1949 during the current Grand Jury investigation, Butler, a witness before the Grand Jury was found dead in his office with a bullet hole in his head. After Butler's death,

Levitt sold out his interest. The enterprise has been reorganized as the Gizzo News Company at another location with Gizzo as the major investor.

Mel Levitt and Tony Gizzo prior to the establishment of the Coates House enterprise operated a football, baseball, and basketball and other sports events betting parlor at 344 West Ninth. Prior to his association with Gizzo at 344 West Ninth, Levitt operated in a

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small way with D. A. Thompson, who now independently continues to carry on a small sports events bookmaking operation.

The Cloverleaf Tavern at 3828 or 3830 Main Street is a sports events bookmaking operation. Interested in this venture are Eugene Borserine, Cy Davis, Max Jaben, Walter Rainey, Wilborne Hicks, and E. G. Bradley.

THE GRAND JURY WOULD FURTHER PRESENT TO THE COURT that so vast as to almost challenge the credulity of the average citizen is the volume of business done by the octopus commonly known as the policy racket. Its tentacles extract three and a half million dollars a year from the pockets, generally of the poor, who make its existence possible.

The "numbers" or "policy" racket, operated by a select few, employs hundreds of numbers writers. One of these enterprises grosses a million and a half dollars a year and employs approximately hundred numbers writers. This is the actual testimony of witnesses before this Grand Jury.

The largest policy wheel in Kansas City was operated many years by one Bud Trolle. After his death in April, 1949, Trolle's wheels were taken over by John Mac Bride and Louis Schaeffer and operated by them until September 30, 1949. On October 1, 1949, John Mangiaracina and Max Jaben by reason of their position and standing with the underworld obtained a 50% interest in this enterprise. Neither invested any money nor does either perform any services, and at the last report each of the four have been drawing \$3,500 per month net. It is significant that without any investment or without performing any services Mangiaracina and Jaben obtained this "juicy plum" and are now sharing 50% of the "take." On April 1, 1950 MacBride sold his interest to Walter Rainey.

Ray Bandal and Ernest Duncan in February of 1946 began known as the S. E. & D Enterprise. On October 1, 1949, Joe Willie

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Cammisano, alias Joe and Willis Cummings, without contributing any money or performing any service obtained a 25% interest each in this business by reason of their stature in the underworld. The new name chosen for the new partnership was the Kentucky and Tennessee Enterprise. On the same date the Cammisano brothers (Willie Cammisano is a business associate of Max Jaben and Johnny Mangiaracina in the Olympic Stadium) obtained a 50% interest in the policy wheel racket theretofore operated by John Lewis, and now known as the Sunflower Enterprise. Joe and Willie cut themselves in for 25% each without any work or any investment. The store of each of the Cammisano brothers in these two enterprises for the months of October through December was \$3,203.48. The share of each in the Kentucky and Tennessee Enterprises for January, 1950 was \$963.15, and the figures for the Sunflower Enterprise were not available for January.

Israel Allen Brenner, like Bud Trolle, has operated in Kansas City for about twenty-five years. He is now doing a gross business of about \$300,000 a year and employs about thirty number writers. On January 1, 1950 he took in as a partner one Joe Gurera, a well-known police

character, who invested no money in the venture, knew nothing of its operation, is not related to Brenner, and has no other connection with him. As a partner Gurera's contribution of time to the partnership has been negligible.

Carl Hoelzel, a Kansas City coin machine operator, has been the largest distributor of slot machines in this area for the past five years. In 1948 he sold a total of approximately nine hundred slot machines (one-armed bandits).

Undoubtedly the most sordid and vicious situation or condition existing in Jackson County, Missouri, uncovered by this grand jury, is the tax fixing racket perpetrated under the administration of George R. Clark, by means of which tens of thousands of dollars have been extorted by "jacking up" or threatening to "jack up" the real estate or personal

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property taxes of legitimate business organizations. Indifferences or opposition to the overlords of the Kansas City underworld by these legitimate business houses inevitably resulted in inexorable and swift retaliation. To illustrate: One arrogant racketeer, feeling that a prominent business man had not been polite to him, had the business man's real estate assessment tripled. However, when the business man apologized to the racketeer for such alleged discourtesy and permitted him to open a charge account the business man's original tax assessment was immediately restored.

The store extensive phase of the tax fixing racket involved the "tax adjustment" practice. Claude Lewis, a deputy assessor under Clark, kept properties off the tax rolls, and in concert with professional tax adjusters, would "adjust" real estate taxes for properties on which he had had assessments doubled or tripled. Edward D. Collins, Sr., another deputy assessor under Clark, supervised toe personal property and the Merchants and Manufacturers tax adjustments. By reason of the liaison between Lewis and Collins on the one hand, and the "tax adjuster" and the unscrupulous citizen on the other hand, by the practice of raising and then lowering taxes for a fee, Jackson County, Missouri has been deprived of vast sums of money to the detriment of this community but to the profit of Lewis and Collins, toe professional tax fixers, and others.

It is not within the province of this grand jury to place the responsibility for the above described conditions on any one state, county or municipal official. That is a matter for the officials of these jurisdictions to determine. Although it has uncovered evidence of organized violations of various state laws, this grand jury is pleased to report that it has not uncovered any evidence either indicating or tending to indicate the existence of any organized "red light" districts, or houses of prostitution.

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THE GRAND JURY WOULD FURTHER PRESENT TO THE COURT that the reach and ramification of the Kansas City, Missouri, underworld are not however confined to Kansas City and vicinity. Stretching out, its influence reaches to Council Bluffs, Iowa and this illustrates how they operate. Early in 1942 Dick Mahoney and Bill Hill of Council Bluffs, Iowa, opened up Council Bluffs with the Stork Club in competition to the well established Chez Paree. From a small beginning in 1942 the Stork Club developed into an elaborate gambling casino. In 1945 Mahoney and Hill sold the Stork Club to "Chickie* Berman of Minneapolis, Minnesota, and Al Abrams and Cy Silver of Omaha, Nebraska. These three men operated it until 1945 when Berman and Abrams sold out their interests and it was reopened under the management and ownership of Cy Silver, Max and Einer Abramson, Fred Weyerman, and Fred Barnes. Under the guidance and management of these partners the Stork Club was remodeled and over \$45,000

was expended in modernizing the gambling casino that was operated in connection with its dimer service which served as a cover for the gambling activities. Slot machines, blackjack, roulette wheels, dice tables, and horse books became the chief attractions. In early 1947 the Kansas City underworld stretched out its clutches to Council Bluffs. Cy Silver relinquished his interest for a pittance, and Charles Hutter, Morris Klein, George Beskas, Edward Osadchey, alias Eddie Spitz, and Earl Kennedy took over one-half interest without a dollar investment. The other half interest was obtained by Fred Barnes of Omaha, Nebraska for \$20,000. The Stork Club continued to operate through 1949 and until the sheriff of that county was subpoenaed before this Grand Jury. The unmolested pursuit of gambling in this establishment has continued from 1942 through 1949 with only two interruptions, one a raid in 1945, and one a bombing of the establishment in 1947. Equally unmolested by the officials in that city was the older and larger Chez Paree. By way of explanation the Sheriff of Pottawotomie County, Iowa, stated that public opinion has a lot to do with the enforcement of laws in certain localities.

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The interests of Max and Einer Abramson and Fred Barnes were not confined to the Stork Club alone. They conduct a bookmaking establishment known as Pla-mor Billiards at 1516 Harney, Omaha, Nebraska, together with Joe Toole and Joe Digilio. The Gross-town Cigar Store in Omaha is a bookmaking undertaking conducted by Max Abramson, Fred Barnes, and Vince Digilio. The International Cigar Store is a separate and distinct bookmaking venture conducted by Max Abramson, Fred Barnes, Einer Abramson, Joe Toole and Joe Digilio, and the C & C Recreation at 15th and Howard, Omaha, is a Fred Barnes and Abramson bookmaking establishment.

The industry of Max Abramson however is not confined solely to those ventures heretofore described. The Rocket Recreation, a bookmaking enterprise at 16th and Farnham, Omaha, Nebraska, has been active since July, 1949, under the ownership and operation of Meyer Feerr, Bob O'Toole, Rudy Janisie and Max Abramson. It is clear that Abramson never misses an opportunity to garner an easy dollar.

The Esquire Club, a dice and blackjack game was opened in Wichita, Kansas, by Fred Clemons. Operating the dice and blackjack games for Clemons were James A. Horn, a Kansas City stick-man, and Eddie Heins, Joe Vasquez, Clayton Codderdam and Frank Finney.

THE GRAND JURY WOULD FURTHER PRESENT TO THE COURT that its investigation of the violation of the federal statutes by the Kansas City racketeers led to the investigation of their associates in other cities and states as is apparent from the Council Bluffs disclosures. Though it has no connection with Kansas City it is being set out here in the hope that it may be of assistance to the good citizens of these other communities whose laws are being violated.

the Grand Jury especially commends the Special Agents of the Intelligence Unit, the Revenue Agents, the Agents of the Alcohol Unit, and the Agents of the Bureau of Narcotics, all of the United States Treasury Department, as well as the United States Marshal and

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his staff, the Post Office Inspectors and the Immigration and Naturalization Service for their splendid assistance and wholehearted cooperation in assisting the Grand Jury in its work.

We want particularly to commend these law enforcement agencies for their vigilance in discovering, and their diligence in apprehending violators of the federal laws and for their unwavering determination to suppress the crimes within their respective jurisdictions, thus precluding any organized assault upon the statutes they are charged with enforcing.

THE GRAND JURY IS ADVISED that the testimony of the witnesses appearing before it is secret, and that the Grand Jury as well as the members thereof are bound to secrecy by their oath which they will meticulously adhere to. However, because of this very serious situation

THE GRAND JURY RESPECTFULLY RECOMMENDS TO THE COURT that the evidence of these state violations be made available, upon proper application to this Court, to the county grand juries that have jurisdiction of these offenses or to any duly authorized public officials that have jurisdiction to appear before a county grand jury for the purpose of presenting this evidence to the end that this blight upon our community may be exterminated.

s/ Harold E. Phillips
FOREMAN

s/ Sam M. Wear
Sam M. WEAR
United States Attorney

s/ M. H. Goldschein
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s/ Vincent P. Russo
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