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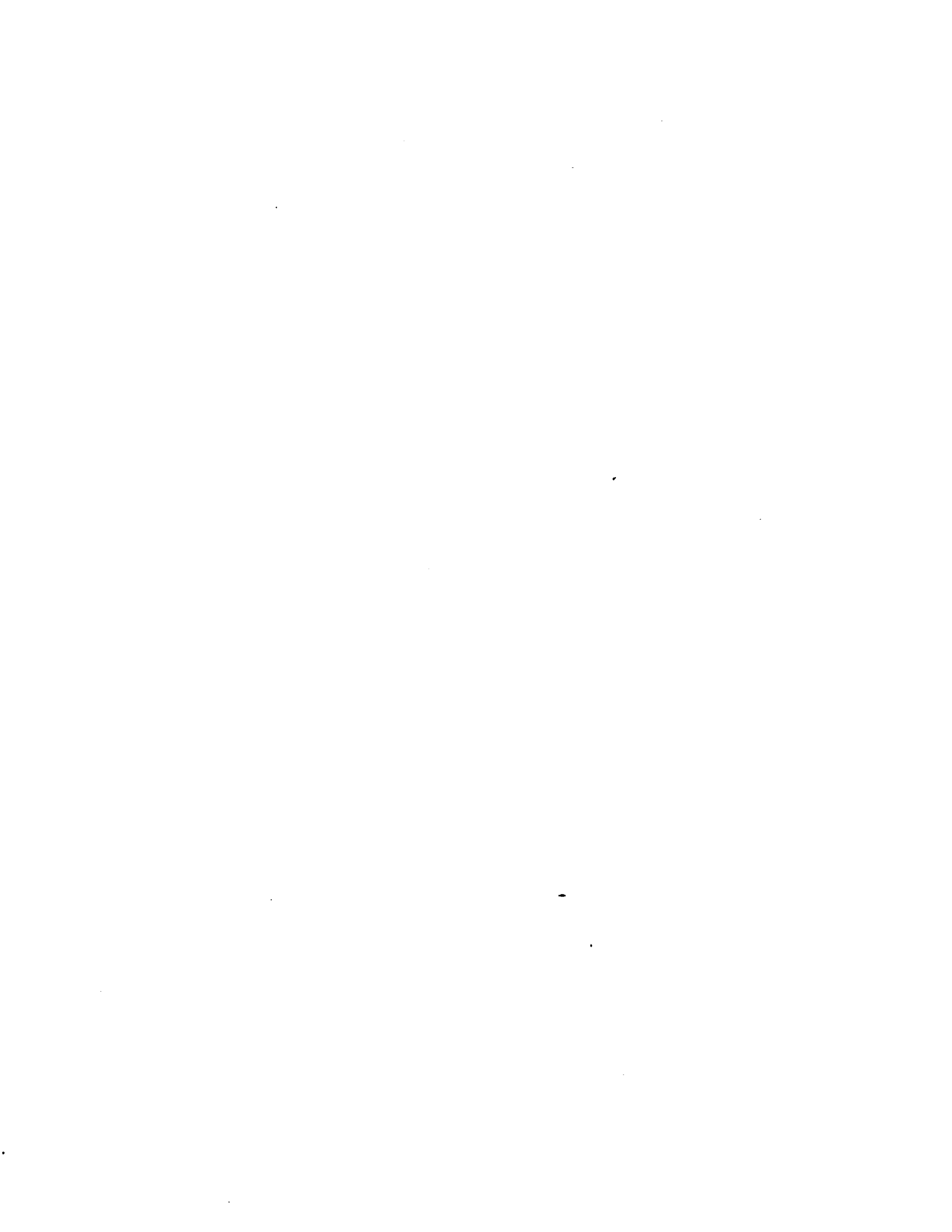
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Black organized crime in Harlem: 1920-1930

Schatzberg, Rufus, Ph.D.

City University of New York, 1990

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BLACK ORGANIZED CRIME IN HARLEM: 1920-1930

by

RUFUS SCHATZBERG

A dissertation submitted to the Graduate Faculty in
Criminal Justice in partial fulfillment of the
requirements for the degree of Doctor of Philosophy,
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1990

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This manuscript has been read and accepted for the Graduate Faculty in Criminal Justice in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.


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ABSTRACT

BLACK ORGANIZED CRIME IN HARLEM: 1920-1930

by

Rufus Schatzberg

Adviser: Professor Robert J. Kelly

Early twentieth century White street gangs rooted in violence emerged to dominate the illicit alcohol business in supplying the goods and service during the prohibition era, 1919-1933. These street hoods transformed themselves from previously predatory groups into parasitical and commensal organizations entrenched in the political and economic structure of New York City. During the early 1920s and separate from this group of purveyors of illicit alcohol a group of Black number bankers successfully operated a policy racket in Harlem. This is the first time that large organized gambling networks operated under Black control in America.

The study argues that the Black leaders of Harlem's numbers gambling networks had not experienced a similar evolutionary development as alleged to have occurred among white number bankers who later entered the policy racket. The study shows there is no evidence to support the notion that the original Black policy bankers were involved in

other criminal activities before entering the racket. Harlem's early Black and Latin policy bankers were entrepreneurial people who saw the policy racket as an opportunity to make money. As the game revealed its money making potentials for its operators and as the policy industry expanded and became popular, White criminals with political connections entered the racket as bankers. Eventually more powerful gangsters enter the racket forcing the Black policy banker's to join their organization as workers or leave the racket altogether.

The early Black and Latin bankers did not command violence or a political force to maintain their control when opposed by assertive White criminals that entered the policy racket. To explain the loss of dominance in Harlem's number gambling operation, this study hypothesizes, first, that Harlem's Black policy bankers did not experience the same criminal development as did their White counterparts. Secondly, they lost their leadership role in the illicit numbers business to White bankers because they lacked the necessary political and economic resources commanded by their adversaries. Harlem's Black policy bankers were not historically rooted in violence and lacked criminal prowess in addition did not have the opportunity to develop a political astuteness to fend off their adversaries.

PREFACE

Experience has taught me that environments subtly condition all the forces involved and will exercise a specific influence upon its evolution with varying results. In this study when observing the genesis of an innovative social process and the make-up of the characters in its nurturing environment it became apparent that when an incident occurred when unfamiliar individuals met and discovered each other that they entered one of two relationships: 1. The weaker participants bend to the dominant culture, and 2. Participants in a confrontation will attempt to resist the intrusion of the other. In this state the side that was trained to handle themselves in such situations dominated.

The influences the social process in this study had in affecting its milieu, and the adjustments that were made by the involved parties, to be given full weight in determining this and to unravel the mosaics of the puzzle I had the help of three advisers: Robert J. Kelly, Charles Winick and Leo Hershkowitz. Each, has my sincere gratitude for easing, what would have been an inevitable drudgery in sifting through the records of my findings. They made a lifetime of their experiences available (each excels in their chosen discipline) to lighten my task. Also, I am forever grateful to both my wife, Sarah Elizabeth, and

daughter, Carol Ann, for the innumerable ways their perceptive comments assisted me in evaluating the data of this research. I am also indebted to them, for without their continued encouragement I may not have completed this study.

TABLE OF CONTENTS

1.	INTRODUCTION	
1.1.	Preface	1
1.2.	The early street gangs.	5
1.3.	Background of problem	7
2.	STATEMENT OF THE PROBLEM	
2.1.	Numbers come to Harlem.	11
2.2.	The meaning of numbers to different groups.	12
2.3.	A rationale for aberrant behavior.	14
2.4.	Anomie.	15
2.5.	Prohibition	16
2.6.	A new policy numbers game	19
2.7.	Political machines.	21
	2.7.1. Ways to use political influence.	31
2.8.	Hypotheses.	32
2.9.	Criminal backgrounds.	32
2.10.	Arrests	34
2.11.	Stier and Richards.	35
2.12.	Problems associated with data sources	38
2.13.	Conclusion.	44
3.	TYPE AND SOURCES OF DATA	
3.1.	Nature of the data	46
	3.1.1. Types of data	47
3.2.	Arrest data	47
3.3.	Fingerprint records	49
3.4.	Magistrates Court records	50
3.5.	Newspaper reports	53
3.6.	Governmental reports and records.	54
3.7.	Seabury's investigations.	54
3.8.	Blanshard's investigation	56
3.9.	New York City Municipal Reference and Research Center	56
3.10.	The Municipal Archives.	57
3.11.	Print data.	57
4.	DATA ANALYSIS	
4.1.	Key variables	59
4.2.	The asset of criminal toughness	59
4.3.	The asset of political power.	61
4.4.	Definition of predatory	69
4.5.	Definition of parasitical	70

4.6.	Definition of symbiotic	72
4.7.	Lotteries	72
4.8.	Lottery policy.	73
4.9.	Numbers	73
4.10.	Italian lottery	74
4.11.	New York City Police Commissioner's Annual Reports for the year's 1920-1935.	75
	4.11.1. Ages of persons arrested.	78
	4.11.2. Arrest numbers.	79
	4.11.3. Arrest averages	80
	4.11.4. Explaining the increases in arrest averages.	81
	4.11.5. Female arrest numbers	84
	4.11.6. Conclusions assumed from Police Commissioner's Annual Reports	87
4.12.	New York Police Department Identification Section	88
4.13.	The 5th and 12th District Magistrates Court Docket Books.	92

5. LOTTERIES

5.1.	Early American lotteries. . . . .	.102
5.2.	The organization of a lottery . . . . .	.104
5.3.	The introduction of lottery insurance numbers .107	
	5.3.1. Types of lottery policy bets . . . . .	.110
5.4.	Corruption in operating lotteries . . . . .	.112
5.5.	Albert Adams lottery king . . . . .	.113
5.6.	Lottery Laws change . . . . .	.115
5.7.	Clearing House totals used in "numbers game".	.118
5.8.	Origins of Clearing House numbers . . . . .	.122
	5.8.1. McKay on the origin of Clearing House numbers. . . . .	.122
	5.8.2. <u>New York Age</u> on the origin of Clearing House numbers . . . . .	.123
	5.8.3. Redding on the origin of Clearing House numbers . . . . .	.126
5.9.	Italian lottery . . . . .	.128

6. HARLEM, THE BLACK CAPITAL OF AMERICA

6.1.	Harlem Renaissance. . . . .	.132
6.2.	Blacks are stigmatized by slavery . . . . .	.133
6.3.	Blacks move to Harlem . . . . .	.136
6.4.	The advent of the subway system . . . . .	.140
6.5.	Black realtors attract Blacks to Harlem . . . . .	.141
6.6.	Blacks create their own community in Harlem . . . . .	.142

7. THE CORE ACTORS IN THE HARLEM POLICY RACKET

7.1.	The actors. . . . .	.143
7.2.	Catalan and Messalino . . . . .	.144
7.3.	Marcellina Cardena. . . . .	.146
7.4.	J. Richard "Dixie" Davis. . . . .	.149
7.5.	Casper Holstein . . . . .	.154
7.6.	Hyman and Pauline Kassell . . . . .	.156
7.7.	George Weinberg . . . . .	.161
7.8.	Abe "Bo" Weinberg . . . . .	.164
7.9.	Conclusion. . . . .	.167

8. THE ECONOMIC RAMIFICATIONS GENERATED BY HARLEM'S ILLEGAL NUMBERS INDUSTRY

8.1.	Policy number banks as financial institutions	.169
8.2.	Defining some terms . . . . .	.170
8.3.	Major factors in shaping the economics of the numbers industry. . . . .	.172
8.4.	The economic incentives created by occultists and spiritualist, suppliers of dream books, tip sheets and lucky products . . . . .	.174
8.5.	The economic impact on the Harlem community created by introduction of policy numbers in the early years. . . . .	.177
8.6.	A comparison with Lasswell and McKenna. . . . .	.182

9. CONCLUSION

9.1.	Summation186
------	---------------------	------

APPENDIX

Appendix One	Problem locating criminal files	192
Appendix Two	Newspapers.	197
Appendix Three	Glossary of popular policy terms of the 1920s . . . . .	.198
Appendix Four	Other actors in Harlem's policy racket	.200
Appendix Five	Manhattan statistical area boundary descriptions . . . . .	.224

BIBLIOGRAPHY

Bibliography.225
-----------------------	------

TABLES

	Page
Table 1. ARRESTS 1920-1935 POLICE COMMISSIONERS ANNUAL REPORTS.	75
Table 2. NUMBER OF ARREST BY AGE 1930-1935	79
TABLE 3. POLICY ARREST IN NEW YORK CITY STARTING 1/1/20 TO 12/31/29 AS RECORDED IN BCI ARREST BOOK RECORDS	90
TABLE 4. POLICY ARREST IN 5TH DISTRICT MAGISTRATES COURT	94
TABLE 5. POLICY ARREST IN 12TH DISTRICT MAGISTRATES COURT	95
TABLE 6. POPULATION DATA	101
TABLE 7. TYPES OF LOTTERY BETS	111

CHAPTER ONE

INTRODUCTION

Through all the changes Harlemites have played the game increasingly and apparently will as long as Harlem exists. Numbers is a people's game, a community pastime in which old and young, literate and illiterate, the neediest folk and the well-to-do all participate. Harlemites seem altogether lacking in comprehension of the moral attitude of the white world towards its beloved racket (McKay 1940, 101).

1.1. Preface

To explain loss of Black dominance in Harlem's number gambling operation, this study hypothesizes, first, that Harlem's Black policy bankers did not experience the same criminal development as did their White counterparts. Secondly, that Harlem's Black bankers lost their leadership role in illicit numbers business to Whites, because they lacked the necessary political and economic resources commanded by their adversaries. These are the two main hypotheses that guide this study.

Early twentieth century White street hoodlums were rooted in violence by the time of Harlem's number racket takeovers by Whites. These street hoodlums had already transformed themselves from predatory groups into parasitical and commensal organizations entrenched in the political and economic structure of New York City. On the other hand,

Black number bankers had not experienced the evolutionary development alleged to have occurred among their White adversaries and, therefore, appear not historically rooted in violence as the lever of initial success and growth. Also Blacks -- given their distinctive needs such as jobs, housing, and educational opportunities -- were not yet integrated into the political machines as were Whites. Employing these factors to explain Black number bankers plain lack of resistance to the White gangs' threats and takeovers of their operations is one of the key themes of this study.

Sociologist Emile Durkheim argued that crime is a natural social activity, a basic part of the existing social order and "an integral part of all healthy societies" (Durkheim 1958, 67). A society without crime is inconceivable. For Durkheim, if all behavior defined as criminal is erased a new behavior will be placed in the crime taxonomy. Crime, then, is inevitable. Its presence in society is ubiquitous not because people are inherently bad or weak, but because unavoidable diversity of behavior is characteristic and perhaps even definitive in society. The solidarity of the society is generated by exerting pressure for conformity. Diversity will inevitably be defined as criminal and evolve sanctions (Durkheim 1958, 67).

Journalist Walter Lippmann (1931) expanded upon the notion of crime as a constituent part of societies' social facts. He argued that in modern cities, when recognized conventional behavior such as drinking alcoholic beverages, indulging in vice, or gambling, is faced by prohibitions, the result is the appearance of an underworld determined to satisfy this newly proscribed public passion. "The underworld," Lippmann states, "as I am using the term, lives by performing the services which convention may condemn and the laws prohibit, but which, nevertheless human appetites crave" (Lippmann 1931, 165).

With Durkheim and Lippmann's perspectives, a case may be made that despite the ethnic group involved, when a public demand for illicit goods or service occurs, to satisfy this demand, licit or illicit businesses will emerge. (This hypothesis presupposes that the public in question can support its demand for the goods or service.) Using this insight, it is also possible to understand the growth of an illicit business as dependent on favorable economic and political conditions within the society it services (McCoy 1986; Lupsha 1987). "Just as the political machine performs services for 'legitimate' business, so it operates to perform not dissimilar services for 'illegitimate' business: vice, crime and rackets" (Merton 1968, 132).

Johnson (1977) identifies the milieu that nurtured the emergence of modern organized criminal gambling enterprises. He focuses on the foundation that set into motion conditions that expanded and caused today's organized criminal gambling activities. This emergence and continued growth occurred Johnson claims when:

Gambling shifted, during the nineteenth century, from a profession populated by talented individuals to an activity run on business principles. This shift occurred simultaneously with the changes in the structure and theory of policing in the years from 1840 to 1887. During those four and a half decades, gamblers created complex and subtle connections among themselves, their customers, politicians, and the police that redefined the context in which law enforcement occurred. By creating conditions that severely restricted the ability of the police to suppress them, gamblers not only assured their fortunes, but they also laid the foundation for modern organized crime. (1977, p. 18.)

An exception to Johnson's notion on the origins of organized crime is provided by Harlem's early Black policy bankers, who did not emerge from any criminal groups that had organizational experience in illicit gambling operations. They became policy bankers using their latent entrepreneurial skill in surroundings that were responsive to their product.

In his typology of modes of individual adaptation, Merton (1968, 194) classifies this as "Innovation." This group invented unconventional methods of employment to sustain themselves. Merton (1968) suggests that this

reaction occurs when the individual has assimilated the cultural emphasis upon the goal without equally internalizing the institutional norms governing methods to do them (Merton 1968, 195). The argument will be made that the Black community in the 1920-1930 era did not have conventional methods of employment open to them and could not internalize the institutional norms and, therefore, invented numbers to gain economic independence.

The data show that a group of Black number bankers emerged during the 1920-1930 era, who became successful in making money in the policy racket, and it may be supposed that they saw number banking as a legitimate enterprise. There is no evidence that they were involved in criminal activities before entering the policy racket, and during their tenure they were held in esteem by their community, who identified them as their "Kings" and "Queens."

1.2. The early street gangs

Using Durkheim, Lippmann, and Johnson's insights to sift through the data on the development of New York City, and arguing that twentieth century organized White criminal networks were inspired by nineteenth-century street hoodlum gangs, the basis for this study was developed (Asbury 1928; Sann 1971; Kobler 1971; Messick and Goldblatt 1972; Peterson 1982).

The racial biases of industrial leaders and political bosses that favored employing Whites over Blacks are discussed in chapter 4. In the nineteenth and early twentieth-century, political bosses did not enlist Blacks as they did White hoodlums to do their bidding to influence voters in elections, and newspaper publishers did not use Black youths to distribute their papers as they did White youths. Both enterprises were used as training backgrounds for youth gangs at the turn of the twentieth century (Riis 1971, 153-163; Messick and Goldblatt 1972, 18).

Gang development can be explained by examining today's mafia "families" and how they evolved from earlier criminal groups. A mafia group may be identified by the name of its present leader, though the origin of the group can be traced to an earlier gang known by a different name. Similarly, the early neighborhood gangs, "Unione Siciliana," "Five Points Gang," "Monk Eastman Gang," "Dead Rabbits," "Gopher," etc., that maintained control over illicit operations in local New York City areas, expanded into more diverse organized criminal operations over larger areas, during 1919 to 1933, the Prohibition Era (Asbury 1928; Thompson and Raymond 1940; Sann 1971; Kobler 1971; Messick and Goldblatt 1972; Reppetto 1978; Abadinsky 1981).

1.3. Policy meaning different things to different groups

This study provides an illustration of the criminalization of a community activity that was not perceived locally as a criminal activity. Also this study shows the conditions and circumstances under which this socially accepted economic activity, the numbers racket, becomes the target of competing criminal enterprises. Harlem, in the 1920s, provides a social laboratory to test the viability of some perspectives on the origins of Black organized criminal behavior. Thus, the policy rackets in Harlem offer insight into the genesis of a criminal activity in much the same way as an astronomer tries to reconstruct the origins of the universe.

This raises an important question: did policy playing mean one thing to Black bankers and something else to the Whites, who were seeking to take over the policy rackets in Harlem? Conceding that both Black and White policy bankers were in the racket to make money and its players had the expectation of making big "hits," despite this, the numbers racket did have a different meaning for Blacks than it did for Whites. Whites used the policy racket as vehicle to extort money out of the Harlem community. Whereas, the Black policy bankers imagined their role as the "Kings" and "Queens" in a community pastime.

There is little research about the Black number operators in the period of this study. Although several researchers have investigated numbers gambling in recent years, none have directed their investigation to Harlem in the 1920-30 period, when the Clearing House Bank totals were first used to figure out winning numbers in the policy racket. Many official records of the period are not complete but segmented and often suspect, and the body of pertinent literature is comparatively small. Constrained by this lack of hard information, we must rely on an analysis of the records that do exist to authenticate and add to the body of knowledge about the phenomenon.

During the period between 1920 and 1930, Harlem's Black residents, separated from the White community's social life and economic and political affairs developed their own community. They created an insulated world, a world with its own churches, associations, entertainment facilities -- in short, its own cultural life. The activities of the Harlem Black community nonetheless conformed to the basic social patterns of New York City. Blacks patterned their social and cultural institutions upon distinctly American models than on their collective African cultural heritage. Richard Bardolph has noted that Black built a "black replica of white American culture on his own side of the line" (Bardolph 1961, 12).

Blacks in 1920-1930 were racially segregated from the wider community that provided them with the impetus for a distinctive interpretation of the dominant White culture. The dissimilarities, however, were only minor variations of dominant social habits that included organized criminal activities that Blacks were now involved in. As Erikson writes, "Every human community has its own special set of boundaries, its own unique identity, and so we may presume that every community also has its own characteristic styles of deviant behavior" (Erikson 1966, 19). Playing numbers was just such a distinctive activity favored by Blacks.

Questions on why White criminals were able to crush the Black leadership in Harlem's numbers rackets will be examined to determine whether these criminal operations were dependent on favorable political and economic conditions of the society in which they functioned. Black leadership in the rackets will be studied to determine whether its demise was a result of its failure to expand or to strengthen its political base.

Conversely, White gang leadership will be examined to decide whether they employed the assistance of criminal underlings who used indiscriminate violence to gain control of Harlem's numbers racket. This study also claims that without the support of dominant political leaders in New

York City White gangs could not have succeeded in their criminal activities.

Chapter 2 addresses the problems created when a new way to play policy numbers was introduced in Harlem in the early 1920s. This new pastime was initiated into the lives of poor Blacks and added to the problems that beset change, such as their growing social awareness. The data used to test the hypotheses of this study are detailed in Chapter 3. Chapter 4 operationally defines the data and how it applies to the hypotheses that guides this study. A review of the type of lotteries played in America is discussed in Chapter 5. Their distinctions are important in understanding why Clearing House policy numbers changed the way numbers are played in the policy rackets.

Chapter 6 follows the migration of Black people through various sections of Manhattan before they made Harlem the Black capital of world and started a cultural renaissance. The leading actors in Harlem's policy racket are discussed in Chapter 7. Chapter 8 examines how the economics generated by the policy racket made it possible for many Blacks to enter the mainstream of community living. Chapter 9 brings together a summary of the studies' conclusions.

CHAPTER 2

STATEMENT OF THE PROBLEM

2.1. Numbers comes to Harlem

Post World War I-Harlem offers an opportunity to study the unique phenomenon of Black organized gambling groups. About 1920, the Clearing House bank totals were used to figure out winning numbers in a policy game. Prior to this only lottery drawings were used. Clearing House bank totals were easily accessible to players they were published daily in local newspapers. An explanation of how lottery and Clearing House bank totals numbers are arrived at is detailed in Chapter 5. The policy racket using Clearing House policy numbers became very popular in Harlem and its popularity made fortunes for those in control (McKay 1940, 101; Lewis 1982, 220). The numbers game in the early 1920s was controlled by Blacks and Latins; in the main its players were the Black residents of Harlem. In the middle and late 1920s, a shift in the numbers game leadership occurred: the Black numbers bankers were replaced by White gang leaders.

The policy game using Clearing House totals spread throughout the city. Smith (1982) reports that in the late 1920s early 1930s the game engaged as many as 15,000 New

Yorkers as number collectors. They collected numbers from people in tenement houses, on the street and local shops for delivery to policy bankers. The game especially exploited destitute Blacks (Smith 1982, 125). Seabury's Final Report declares there "are hundreds of bankers and innumerable players" participating in the Harlem numbers racket (1932, 136). Harlem's policy racket was big business and a major economic factor in its economy.

The numbers game in Harlem may be described as an "illicit industry." The analytic framework of a study that adopts this model enables the policy rackets to be seen in an economic perspective. Economic gain and profit are the driving forces behind the racket and fierce competition for its control.

2.2. The meaning of policy numbers to different groups

This raises important questions: did policy playing mean one thing to Blacks and another matter to Whites who were seeking to take over the policy rackets in Harlem? To determine if cultural attitudes differed this study will examine the data. Conceding that both Black and White policy bankers were in the racket to make money and the players had the expectations of making a big "hit," it is still likely that the numbers racket had a different meaning for Blacks than it did for Whites.

There is no evidence that persons with prior criminal records were involved in controlling the policy racket in its early days, when it was completely under Black control, nor was the policy racket considered an illicit activity by Harlem's Blacks. In Erikson's (1966) study on the sociology of deviance about an earlier society, one could almost imagine that he was describing Harlem's Black community of the nineteen twenties. Erikson writes:

The people of a community spend most of their lives in close contact with one another, sharing a common sphere of experience that makes them feel that they belong to a special "kind" and live in a special "place." In the formal language of sociology, this means that communities are boundary maintaining: each has a specific territory in the world as a whole, not only in the sense that it occupies a defined region of geographical space but also in the sense that it takes over a particular niche in what might be called cultural space and develops its own "ethos" or "way" within that compass. Both of these dimensions of group space, the geographical and the cultural, set the community apart as a special place and provides an important point of reference for its members (Erikson 1966, 10-11).

Writers have identified this period of Harlem's history as the Harlem Renaissance (Anderson 1982; Lewis 1982; Johnson 1940). This feeling of sharing a "common sphere of experience" was not shared by the White operators, when they entered the racket. The culture complex underlined number gambling was more a Black phenomenon than a White one. Blacks' culture included dream interpretation, folklore and music, social roles, spiritualism ceremonial

festivities, fad and fashion in playing style, and an extensive gambling jargon.

McCall (1963) stressed that the connection between spiritualist cults and numbers gambling mutually reinforced each other, and that the cultural source of the superstition originated from the animistic religions of West Africa and Caribbean "hoodoo." In view of the myths identified with playing numbers, cultural interpretations have an undeniable plausibility. Number gambling also enhanced the economy of the Harlem community where it was more or less accepted by community institutions -- the church and the YMCA -- that cultivated a financial dependence on the Black policy operators.

2.3. A rational for aberrant behavior

Human beings in a societal setting define their acts in harmony with moral or ethical codes provided them by their family, their religion, their social class. Usually, they see law enforcement as an intervention in their private affairs (Manning 1971, 160). This suggests, that when some people are faced with a desire for a good or service that is in harmony with their moral or ethical beliefs, and the good or service is not forthcoming, but can be gotten illicitly, many support the illicit source even though there may be governmental opposition to it.

2.4. Anomie

Black organized gambling in the 1920-1930 period in Harlem meant something different to Blacks than it did to Whites. Legitimate economic opportunities on a scale comparable for Whites were not available for most Blacks. Blacks may have accepted both the general cultural goals and the institutionalized means to achieve wealth through the approved methods of "middle-class values," but these were largely unavailable for many Blacks, who were stymied by social and racial resistance.

Those who could "make it" in gambling activities thus became role models for many other Blacks in their struggle to survive economically. Traditionally, the anomie theory has been a powerful explanatory mechanism in understanding the socially induced motivation for criminal behavior, but it appears to have only limited application in explaining why the numbers game prospered in Harlem as an industry. Two sociological (Durkheim and Merton) theories on anomie are used to understand the behavior of the workers in the policy racket.

The two theorists differed in their emphasis on anomie as the springboard of action and behavior, Durkheim envisioned the phenomenon as something that occurred only during times of rapid economic change, whereas Merton sees

anomie as a constant feature of American society that asymmetrically affects the lower class. Anomie theory, especially Merton's paradigm, is useful in understanding the causal factors of crime as one of several possible responses to structural inequality. However, the form of the reaction to frustration depends on other factors that neither Merton's theory of the "middle range" nor Durkheim's general theory seeks to identify and explicate.

2.5. Prohibition

Society's attitudes toward drinking alcohol during the Prohibition era 1920-1934 inspired the business of trafficking in illegal alcohol in the United States. The illegal alcohol business brought with it prospects for big profits. To protect illegal profits, traffickers known as "bootleggers" corrupted the governing political structure so enforcement of the prohibition laws was relaxed. This conspiracy permitted the illegal alcohol industry to thrive benefiting the conspirators, the traffickers, and the corrupt governmental officials (Peterson 1983; Sann 1971; Thompson and Raymond 1940).

Associated with the Prohibition era is a history of violence and intimidation. The literature supports the notion that criminals implicated in selling, smuggling, hijacking, transporting, and distributing illegal alcoholic

beverages were members of violent gangs (Block 1983; Peterson 1983; Sann 1971; Thompson and Raymond 1940). These gangs plied a criminal asset, violence, to control their illegal enterprises and used the profits therefrom to insure political protection. Their driving force was money and political power. The illegal alcohol traffickers, with their conspirators in government and legitimate businesses vied for opportunities to gain wealth and political power and in the process they created a lawless era.

Their degree of violence knew no limits, and the formula for success was simple and bloody, the more violence employed, the more money made. Though the public did not approve of the violence, it nevertheless encouraged the violence by its demands for the illegal alcohol.

In the pre-prohibition days in Harlem, the Blacks controlled most of the cabarets and the Irish the taverns. With the onset of prohibition, Harlem's illegal liquor trade fell into the hands of Italians (McKay 1940, 117). In trying to hold onto their operations, Black cabaret proprietors in the early 1920s organized the Cabaret Owners' Association. The associations' aim was to put Harlem's

night life on a decent basis and check the growth of White owned cabarets. ¹

A 1928 Harlem probe by the Committee of Fourteen, a city wide reform group, of eighty-five speakeasies patronized by prostitutes, exposed that about ninety percent were owned and managed by Whites. Blacks managed and owned only five percent of the establishments; the remaining five percent were owned by Whites and managed by Blacks (Waterman 1932, 127-129).

While prohibition racketeers were greedily accumulating illicit profits from alcohol, a new policy numbers game surfaced in Harlem in early 1920 (Light 1972; Redding 1940; New York Age 18 October 1923; 19 January 1924). Harlem's White bootleggers were not content with mere control of the Harlem liquor business. As an addition to their bootlegging enterprises, Hyman Kassel and Moe Immerman and other bootleggers moved into the numbers game as early as 1924.² Prior to this period the Clearing House "numbers" game was controlled and operated by Black and Hispanic number bankers and in some respects paralleled

¹New York Age (New York): 26 March 1927; 21 April 1923; 26 May 1923; 11 August 1923; Editorial, "Hootch Situation in Harlem," 20 October 1923.

²New York Age (New York), 12 January 1924; 7 June 1924; 28 February 1925; 12 June 1926; 7 August 1926; 9 October 1926; 15 January 1927.

White gambling operations of the same period (Block 1983; Carlson 1940).

2.6. A new policy number game

At the end of World War I, a new policy numbers game using Clearing House Bank totals to figure out the winning numbers emerged. It spread like wildfire as the game caught on (Light 1925; New York Age 12 January 1924). Lane (1925) reports: "All Harlem is ablaze with the numbers." One of the main reasons policy numbers using Clearing House totals immediately appealed to Black players was that the winning numbers were published in the local daily newspapers for easy viewing. Players believed that the number that appeared in newspapers could not be fixed. (A comprehensive discussion on lottery policy numbers and Clearing House policy numbers follow in Chapter Five)

This catalyst, Clearing House policy numbers, nurtured a new gambling racket. Entrepreneurial Blacks, who started their own policy number banks in Harlem prospered (Block 1983; Myrdal 1944; McKay 1940; Redding 1934; Lane 1925). At first the games' main clients were the Black residents of Harlem. Claude McKay (1940), writing about Black organized criminal policy number operations in Harlem in the nineteen twenties, observed with some hidden pride and ruefulness:

This was an underworld comparable within its dimensions to the dazzling dynamic underworld of whites, a world in which the shrewd enterprising members of the Negro minority chiseled out a way to social superiority by the exploitation of the potentialities of their own people (McKay 1940, 105).

In the early 1920s, as noted above, Black and Latin policy number bankers exclusively controlled the Clearing House number policy business in Harlem, contrary to the conventional wisdom, then and now, that manifestation of Black crime would always reveal White support and control at some level of the operation (Redding 1940). Entrepreneurial Black men and women with some capital, as little as two hundred dollars, started banking policy numbers (Lane 1925). The bankers started their number business in a section of the community where they were known by their clientele and prospered because of their personal popularity (Redding 1940). They recruited number collectors (also known as "runners") either from their immediate family or from residents of the Harlem community, who had the implicit trust of the players (Redding 1940; Block 1983; Northrop and Northrop 1932). Black number bankers were known as Harlem's "Kings and Queens" and were held in esteem by a large segment of the Black community (Myrdal 1944).

Unlike White gambling enterprises, Harlem's policy racket included Black women who engaged in roles not as subordinates but as bankers and partners. Stephanie Saint

Clair, following her release from jail, where she served eight months for violations of gambling laws, testified before Seabury's Committee and admitted that she had been a "numbers" banker from 1923-1928.³ Appearing before the same committee, a Black banker named Roberts testified that he used a woman named Peggy as a "fixer" for his employees in their court cases (Northrop and Northrop 1932, 61).

When Harlem's White bootleggers (Harlem in the early 1920s was prevalently a White community) realized the new number racket was a lucrative business, they decided to get involved (Block 1983; Lane 1925). They operated the policy number racket as an extension of their Harlem bootlegging businesses. Their involvement in the new numbers game as bankers can be established from New York Age reports as early as January 12, 1924. In the mid-nineteen twenties White gang leaders challenged the Black policy bankers' dominance in the policy numbers rackets and ultimately prevailed (Block 1983; Sann 1971; Thompson and Raymond 1940).

2.7. Political machines

The origins of machines (apparatuses to turn out the regular vote) are traceable to functional deficiencies in the official structure. The practice is thus a remedy, an

³New York Age (New York), 13 December 1930.

alternative to existing organizations that cannot or do not respond to constituency needs for services. A political machine tries to centralize local political power by satisfying the needs of diverse subgroups in the larger community that are not adequately met by extant clubs and other official agencies.

"The machine welds its link with ordinary men and women by elaborate networks of personal relations" (Merton 1968, 128). Political machines are rooted in local neighborhoods and communities. The "voter" is an individual living within a community with specific needs that bears little relation (in the eyes of the voter) to abstract issues at the public level. Machines are noted for attempting to deal with concrete mundane private problems. Their reputations and links with the constituency depended on this attention.

Machines transform politics into personal ties. "The precinct captain is forever a friend in need" (Merton 1968, 125). In closed liaison with the voter the machine precinct captains take pains to hear and try to solve neighborhood problems, for a price, of course. In return for this goodwill, it is expected that the voter will support the party at election time.

The machine's agents personalize power by supplying jobs, food, legal services, scholarships, neutralizing the police -- crises' managers at the community level. As a go-between for voters, political clubhouse operators help people with government agencies and bridge the gulf between the person and an impersonal governmental bureaucracy. In addition, the machines influence local employees, trade unions, etc. -- by helping people find secure employment. Captains can intervene with landlords, find housings, quell local disputes, and serve as substitute lawyers, accountants, and social workers by providing aide and support -- all for a vote.

Secondly, the ward bosses and workers can provide political leverage and privileges to commercial interests (legitimate). Businesses routinely face public regulatory agencies and need "dispensation" (tax rebates, licenses, permits, inside information on contract for bidding) connections with a machine to improve the competitiveness of its business. In a sense, the political machine is an ambassador of the business sector to the political system and these become integral to the economy of the community (Merton 1968, 129).

Besides businesses seeking privileges and individuals in need of counsel and advice, machines function as a

source of social mobility for its supporters. For those lacking the skills and education to exploit legitimate opportunity structures because of the inhibitor obstacles of race, religion or ethnicity, the machine can by-pass these roadblocks which the disadvantaged and deprived routinely face.

Most importantly for our purposes, machines are morally blind and indiscriminate in dispersing favors. They perform services for illegitimate enterprises and protect vice rackets (Merton 1968, 129-31). In strictly economic terms, moral indignation aside, there is little difference between vice entrepreneurs and legitimate businessmen -- both service community demands for goods and services. The destructive role of the machine for criminal enterprises enables them to operate in "markets" without interference from law enforcement. Or, it helps criminal groups to use police, bondsmen, and other criminal justice agencies to restrict criminal competition by favoring some groups at the expense of others.

Thus, the need for leverage control of government and liaison with government makes machines attractive targets of criminal groups. Because machines are localized, the cooperation between them rarely creates major problem for the larger political party of which it is a part.

Tammany Hall, the political powerhouse of the Democratic party, controlled the politics of New York City during 1920-1930 era (Block 1983; Peterson 1983; Fogelson 1974; Sann 1971; Thompson and Raymond 1940; Northrop and Northrop 1932; Asbury 1928). Blacks were not woven into the political process and were not an important part in the political processes. When examining their voting behavior in 1920, 97.6 percent of Blacks voted Republican and 2.4 percent voted Democratic in that Presidential election (The City Record and the Annual Reports of the Board of Elections). One might conclude that Blacks did not have the same contact and influence with Tammany Hall that Whites had. Why else would 97.6 percent have voted Republican? Consequently Blacks did not hold many political positions; only token jobs were given to some few Blacks (Lewinson 1974).

Researchers differ about the role Black played in the politics of Harlem. Osofsky (1963) observed that when pre-depression Blacks became more involved in politics, their economic status improved. He wrote: "within the next generation, the generation that settled in Harlem, Negroes became an integral part of city government and politics -- and politics proved a wedge for economic advancement" (1963, 177). Katznelson (1973) argues conversely that "Black political powerlessness was the norm," that Black leaders

were not chosen from a territorial base by the community, but were selected by the party leadership. Katznelson also suggests "that as a result of their political powerlessness, the social and economic problems of the city's Blacks grew to unmanageable proportions" (1973, 66).

The literature of the period shows that during the Prohibition era, Tammany Hall's political leadership protected the bootlegging operations of those racketeers they favored (Asbury 1950; Chambers 1932; Fogelson 1974; Thompson and Raymond 1940; Peterson 1983). It may be supposed that the racketeers protected by the Tammany political machine gave heavily into the coffers of the dominant political leaders and others in the government from whom they carried favors and protection (Asbury 1950; Block 1983; Peterson 1983; Sann 1971). This is the context in which the hypotheses of this study are pitched.

An example of a corrupt machine politics in action is demonstrated when James J. Hines, a powerful democratic politician in New York City during the 1920s and 1930s, placed his political power at the disposal of Schultz's criminal organization. In 1937 Hines was arrested by Thomas E. Dewey, District Attorney of New York County, and charged as a co-conspirator in operating a policy racket. Also arrested was "Dutch" Schultz's former attorney "Dixie"

Davis, who was alleged to have been the major connection in the Hines-Schultz policy conspiracy. Davis, to reduce his prison sentence, turned state's evidence and testifies against Hines.

The political rationale for a politician consorting with underworld persons is described in a meeting Hines told Davis he had with New York's Police Commissioner Edward P. Mulrooney in the 1930s. At that meeting, the commissioner questioned Hines's relationship with underworld characters to which Hines responded, "Ed, you know we need those fellows on election day and we can't forget them between elections." ⁴ Davis (1939) suggests that organized crime could flourish only because of political influence on its behalf.

Before the Schultz gang seized much of the Harlem's policy racket and consolidated its control, it was not a criminal monopoly or cartel operation. It consisted of many independent bankers who conducted the game, each for themselves, each providing the needed operating capital, and each taking the profits (Nelli 1976, ch. 8). Black organized crime, in particular the policy rackets, were led by gambling "Kings" and "Queens" unsettled by the intrusions

⁴J. Richard Davis, "Things I Couldn't Tell till Now." Collier's 26 August 1939, 38.

of White gangs who freely employed violence and cunning. Political influence with corrupted officials was a major tool during the confrontation between the community-based Black operators and the alien White gangs. The two elements of struggle in the underworld of Harlem in the 1920s and 30s, violence and political clout, enabled Schultz through equal opportunity mayhem to win the keys of the Black policy kingdom, but it was a success story soaked in blood as were so many of his criminal enterprises. Mitgang (1963, 204) reported there were forty murders and six kidnappings as a result of policy gambling in New York City in the early 1930s.

Apart from the lethal power that Schultz could mobilize to threaten the Black policy operators, Harlem's gambling racketeers were under pressure from government investigations and this further weakened their resistance to White takeovers (Block 1983). The Internal Revenue Service began investigating individual Harlem policy operators, when Samuel Seabury acting as a referee for the Supreme Court -- Appellate Division -- First Judicial Department, investigating the Magistrates' Court in New York City, disclosed the large bank accounts held by several policy operators (Seabury 1932; Nelli 1973). Wilfred Brunder deposited \$1,753,342 between 1925 - 1930, and Jose Enrique Miro deposited \$1,251,556 from 1927 to 1930 (Seabury

1932). Both of these Harlem policy bankers were convicted for tax evasion. With the political protection Schultz could provide through his Tammany Hall links with Jimmy Hines, coupled with the firepower of his hoodlums, Black policy operators could salvage their game only by capitulating to the White groups. By 1932, Schultz had centralized policy and grafted his protected racket into an enterprise that drained the profits out of the community, where previously Blacks and Latin policy entrepreneurs had reinvested it.

After Schultz's murder in 1935, which occurred in the wake of mounting legal problems, (an arrest for income tax evasion) the protection that the Schultz syndicates imposed on the policy game continued. The precedents set by Schultz could not permit the policy racket to revert to its pre-Schultz days: now, its weaknesses to resist violence were exposed. Policy operators were susceptible to extortions and expropriation by others prepared to use violence.

Further, the police had been prodded to action against Harlem policy operators, with the consequence that if the game were to remain viable, it would have to reach out for protection and that meant White protection. And with the passing of each day an interminable reality lurked: the Black policy banker's ability to pay off large "hits" to

stay in business. This required a source of ready capital from rich White gangs who supplied these funds for a percentage of the business plus repayment of the loan with high interest rates. Once involved by help from a White gang, policy as an independent Black criminal enterprise was compromised.

In the 1920 to 1930 era the policy racket underwent two separate intrusions by Whites to wrest control away from its Black bankers. This study will show that Harlem's Black policy bankers lacked the capability to oppose their White competitors. The first intrusion occurred during the mid 1920s, and the second during the early 1930s.

The first intrusion happens, when several White bootleggers in an effort to expand their illicit alcohol operations decided to enter Harlem's policy racket. The bootleggers were able to capture a share of the policy racket by using their salons and Harlem shopkeepers to collect policy numbers for them. To force Blacks from the racket they used their ability to corrupt police (a talent acquired in bootlegging) to harass Black policy collectors. This attempt by the White bootleggers to take over Harlem's policy racket had only limited success.

The second attempt to force Black policy bankers to relinquish their control occurred when the Schultz gang entered the policy racket in the early 1930s. Schultz's intrusion practically eliminated Black policy bankers' independence in Harlem. Schultz forced the Blacks to join his organization and operate their policy business (for Schultz) as salaried employees.

2.7.1. Ways to use political influence

A criminal organization with political influence afforded its members protection from arrests by corrupting the criminal justice system. One device used by White policy bankers, in the mid 1920s, was the use of identification emblems for its gang member to identify themselves to allied police.⁵ Gangs with political ties furnished their members, when arrested, a lawyer and bail to ease the arrest process.

In the 1920s, the court personnel, the clerks, the District Attorney, the Judges, were all political appointees (Northrop and Northrop 1932). Criminal organizations would use their political connections to arrange a dismissal or reduction of the charges brought against them. This maneuver was achieved by having the arresting officer change his

⁵New York Age (New York) 12 June 1926; 7, 12 August 1926.

testimony or have a politician influence the Judge to reduce or dismiss the charge (Seabury 1932).

2.8. Hypotheses

The studies' hypotheses raises several questions about the conflicts between Black and White policy bankers in Harlem. The first hypothesis is that Harlem's Black policy bankers did not experience the same criminal development or come out of criminal milieu as did White policy bankers. The second hypothesis is that Harlem's Black policy bankers lost their leadership role in the policy racket during the 1920s to White policy bankers. This was mainly because the Black policy bankers lacked the necessary political and economic resources commanded by White policy bankers to fend off their intrusions into the policy rackets.

2.9. Criminal backgrounds

Why did Black policy number bankers, when intimidated by White policy bankers, give in? One of the reasons was that Black bankers did not have the criminal toughness or access to criminal resources to compete with assertive White racketeers. Though Black predatory gangs did exist in Harlem, there is evidence to suggest that these gangs joined forces with White gangs that could protect them politically.

One such example of a Black predatory gang leader is discussed later in this chapter.

The Black population in New York City in 1910 was 91,709. The entire population of New York City in that period was 4,766,883, and Blacks made up 1.9 percent of the city's population. In 1920, the Black population was 152,467 or 2.7 percent of the city's 5,620,048 population. By 1930, the Black population expanded to 327,706 and increased to 4.7 percent of New York City's 6,930,466 population (Rosenwaike 1972).

In 1920 there were only seven arrests for policy numbers in New York City (1920 Police Commissioners Annual Report). By 1930 the Black population increased to 272,952 or 5 percent of New York City's 6,930,466 population and policy numbers arrests for that year increased to 4,334 (Rosenwaike 1972, 141; 1930 Police Commissioners Annual Report). Policy arrest increased by 61,914 percent from 1920 to 1930.

It seems unlikely that Blacks, a small part of New York City's population, could corrupt New York's criminal justice institutions. Political organizations, such as Tammany Hall, ruled the politics of New York City during this era and were linked to White gangs (Asbury 1950; Block

1950; Peterson 1970; Thompson and Raymond 1940; Sann 1971). The numbers racket that began as a Black operation in 1920, ten years later, had been absorbed as an enterprise subordinated to White domination. White criminals were able to influence political leadership in New York thereby enabling them to operate with greater impunity in their illicit operations than Black number bankers (Asbury 1928; Chambers 1932; Fogelson 1974; Thompson and Raymond 1940; Peterson 1983).

2.10. Arrests

The increase in policy arrests (see Table 1 in chapter 4) during the 1920 to 1930 period several questions. If the game was played mainly by Blacks, the increase in New York City's Black population would not account for the increase in policy arrests. The increase in arrests, it can be argued, was due to a step-up in police enforcement and the enforcement was used to cover-up police corruption. This argument assumes that the city's criminal justice system, the courts and the police, was corrupt during this period. There is evidence to show that it was -- Seabury's (1932) investigations documented that widespread corruption did exist between gambling operations and the police (Peterson 1983; Fogelson 1974; Mitgang 1963; Thompson and Raymond 1940; Northrop and Northrop 1933).

It was also alleged that Harlem's early White policy operators, to protect their interests in the numbers games, set-up protection procedures with local police to insure that their policy operators would not be arrested.⁶ To cover up this conspiracy, police would increase their arrest activity to protect their image as efficient enforcers. Increases in gambling arrests would be interpreted by observers as evidence that police were enforcing the law. This increase in gambling activity also would force independent operators, who were not in a protective alliance with police, to seek police protection. Leveraged arrest of gamblers had at least two purposes: (1) persuade and assuage a bewildered public and (2) convince "unprotected" criminal operators to pay protection.

2.11. Stier and Richards

To understand the structural forces at work in the contest between the Black and White competition for control of an immensely profitable vice activity, it will be helpful to examine the Stier and Richards (1987) paradigm of organized criminal evolution. Briefly, Stier and Richards propose that criminal organizations go through various stages of formation and it is during the early stages of development that violent predators assail non-gang members.

⁶New York Age (New York): 12 June 1926; 7, 21 August 1926.

This behavior is a common characteristic shared by those who pursue criminal careers. The taste for violence and its employment in crime becomes an asset in future criminal activities. An in-depth discussion of the Stier and Richards' variables is in Chapter 4, Data Analysis.

Stier and Richards suggest that criminal groups undergo significant organizational experiences and metamorphosis that helps explain their durability in a criminal milieu. The application of this model may help to explain some factors and circumstances that made possible White gang successes in gaining control over numbers. Furthermore, the use of the model may reveal precisely what factors help account for the collapse of some criminal enterprises, despite their local community support and the ascendance of other criminal organizations in communities where they have few ties and roots.

Another purpose of the comparison is to decide whether Harlem's Black policy numbers operation differed from the traditional La Cosa Nostra centered theories that have emerged in recent criminological theory. The analysis may shed some light on whether Harlem's Black policy racket ought to be viewed as an example of a non-traditional organized crime model. It was a criminal enterprise that started in the parasitic stage and did not regenerate from

within or develop to an advanced stage of criminal behavior as suggested in the Stier and Richards (1986) model.

There is evidence that a Black predatory criminal organization did exist in Harlem in the 1920-1930 era, that would qualify as a predatory group as outlined in the Stier and Richards' paradigm. Evidence suggests that this predatory Black gang was headed by Bub Hewlett, whose personal record covered thirty-three arrests, including crimes for: robbery, possession of guns, grand larceny, felonious assault, draft evasion, being a fugitive from justice, flim-flam, pickpocket, hijacking number runners, shaking down merchants, intimidating citizens, and disorderly conduct. In his last arrest, he was sentenced to five years for kidnaping and assault. He was allegedly recognized as the right hand man of Dutch Schultz (Writers Program 1, New York City 1939).

There is no evidence that this gang was part of or employed by any Black controlled policy operation of the period. A Black predatory gang, such as the Hewlett gang, had more to gain when it aligned itself with White gangs that could give it political protection. Black number bankers did not command political influence enabling them to protect a predatory group, nor is there evidence that they

used such groups as enforcers in their numbers operations as did White policy operators.

2.12. Problems associated with data sources

Several references do not include full data or give logical interpretations to data they are discussing. An example is Cressey's (1969) and Drake and Cayton (1945) accounts of the origin of the term "policy." Chapter 5 addresses the origins of the term "policy" in the numbers racket.

Another account that raises questions is Haller's (1979) reference to situations created by Schultz's takeover of the Harlem policy rackets. Haller used a newspaper quotation that suggests "Even Harlem newspapers admitted that, after the Schultz takeover, the banks were better managed and more likely to pay off winning numbers" (Carlson 1941; New York Times 1935; Sann 1971). The notion that Schultz managed the policy business better than Black policy bankers or that he brought a sense of fair play in paying off winners is questionable. Unfortunately, this notion gets compounded: Reuter (1983) uses Haller's (1979) questionable reference in describing conditions in Harlem's policy racket in the Schultz era. The data under dispute will be addressed and put into a context attuned to reality.

First, let us look briefly at Arthur Flegenheimer, also known as "Dutch Schultz." In the early 1930s he is identified as being involved in murders, (Peterson 1983; Sann 1971) selling narcotics, (Permanent Subcommittee 1963) involved in labor extortion, (Davis 1939, 9; Thompson and Raymond 1940) involved in selling illegal alcohol (Peterson 1983; Block 1983; Sann 1971; Davis 1939) operating a number policy racket, (Davis 1939; Sann 1971) and being one of the country's leading purveyors of intimidation and violence in all aspects of his criminal involvements. This is the man, who allegedly brought confidence to the number players in the policy racket.

Haller (1979, 95) suggests that Schultz brought a degree of honesty and stability to the Harlem policy racket. The New York Times and Sann's references do refer to the above quote. The following is an excerpt from the New York Times' reference that Haller refers to:

Dutch Schultz, connected with the policy game in Harlem by the Blanshard investigators, is declared to have put it on as honest a game as possible. At least, it is said, he paid in full, 600 to 1, instead of deducting something, and he insisted that everybody who won should be paid.

It was not uncommon before the days of Schultz for the controller to refuse to pay, and protests were answered some dark night with a club or half a brick. Dutch stopped all that, so as to increase the players' confidence (Owen, R. (1935, March 3). New York Times, Sec. 1V, 10).

The official Blanshard Report stated: "There is no

doubt that Dutch Schultz did control the policy racket for many years by terrorism and brutality" (Blanshard 1937, 59). This does not support the notion that Schultz "put the game on an honest plane as possible." About stopping the practice of the ten percent gratuity taken from the winning bet as a tip to the policy collector, this was an inducement to attract players to switch collectors. This was first introduced by White policy bankers in 1926 to freeze out the Black collectors.⁷ However, policy collectors have ignored their bankers desire to cut into their income to increase there own, and they have continued to collect ten percent of winning bets as a tip.

This practice of taking ten percent off a winning bet is still in effect wherever illegal policy is played. There is no evidence that the practice of taking the ten percent tips off a winning bet stopped during the Schultz era in policy. The authors of the period would not agree that Schultz always paid off. One author's account of the numbers game during the Schultz era recalls: "Mr. Edwards hit 505 for two dollars . . . but Mr. Edwards didn't get paid off on his hit . . . he went raving and cursing up to his collector demanding his money and got shot twice for his trouble" (Merriwether 1970, 105-6).

⁷New York Age (New York); 7 August 1926, 2.

Sann (1971) referred to a portion of an article that appeared in the New York Age.⁶ The paper reported that Whites were taking over Harlem's policy racket. Haller used Sann's quote as a source for his rational. The newspaper in part reported the following:

This arrangement is said to have one good feature, however, and that is that it insures the players of getting paid off when they hit. Formerly when the bankers were "hit" hard on a number on anyone day or succeeding days, they either had to welch on payment of the winning bets or else go out of business. Now, it is said, with Schultz money behind the game and the players are assured of payment (Sann 1971, 176).

The Age article is reporting rumored information of what the Schultz's organization alleges the benefits are for Black bankers to join his policy combination. The record is clear on the methods Schultz used to organize his Harlem policy racket are described by many authors and good faith or fairness was not a conspicuous virtue he employed in dealing with his clientele (Block 1983; Peterson 1983; Sann 1971; Thompson and Raymond 1940).

When Schultz persuaded a policy banker to join his group, the banker would still be associated with his operation (Davis 1939) and would receive a salary and a percentage of the profit that policy operation produced, if there were any (Sann 1972; Davis 1939). Schultz had his men

⁶New York Age (New York), 13 August 1932.

oversee the policy office day by day operations. A Schultz controlled policy bank not paying off a big hit was more likely after Schultz had taken over the racket than before he entered the racket. He employed men who could intimidate players (Block 1983; Peterson 1983; Sann 1972, Davis 1939). Harlem's Black policy bankers were not known to use force in any phase of their operations; Schultz was (Davis 1939).

Schultz's legal problems with the United States Attorney George Z. Medalie's first assistant, Thomas E. Dewey, and the cost to operate his criminal organization -- political graft, salaries to his henchmen -- demanded that he generate large amounts of money to meet expenses. He exploited the Harlem policy racket for this purpose (Sann 1971; Thompson and Raymond 1940). Prior to Schultz's campaign to consolidate the policy racket in Harlem in 1931, several of his top enforcers (George Weinberg, Moe Levy and Harry Schoenhaus) met with financial disaster in 1929 in their Harlem policy operation (Block 1983, 148). There is no evidence that they left the policy racket at that time without being in debt to players.

Schultz's alliance with Otto "Abadaba" Berman, who was alleged to have fixed the policy numbers determined by parimutuel results at the Coney Island race track in Cincinnati, Ohio is not consistent with the notion that Schultz

ran an honest game (Block 1983; Thompson and Raymond 1940; Peterson 1983). There is a reference to Schultz wanting to keep the game "honest" according to Weinberg, Schultz's associates in the policy racket (Block 1983, 156). This seems unlikely.

Another example of questionable information, that appeared in the New York Times, is a statement made by the New York County District Attorney Banton, who reported wiping out the Harlem policy game that uses New York Stock exchange Clearing House totals. The New York Times report states:

Harlem "Policy" Wiped Out. Banton Reports Success in Campaign Against Gambling.

The so-called "policy" game in which the object is to guess certain figures in the New York Stock exchange clearing house totals from day to day has been practically wiped out after it had disrupted many lines of business in Harlem, according to a statement issued yesterday by District Attorney Joab H. Banton and concurred in by Police Commissioner George V. McLaughlin and Special Sessions Justices.

In 1926 Police Commissioner George V. McLaughlin's Annual Report shows there were 1,452 policy arrests that year. The New York Times' article reported in December of 1926 that policy in Harlem is "practically wiped out." The following year, 1927, Police Commissioner Joseph A. Warren's

⁹New York Times (New York): 14 December 1926, 48:8.

Annual Report cited 2,236 policy arrests in New York. This is a fifty-four percent increase over the policy arrests for 1926. District Attorney Banton's New York Times report using the Police Commissioner and Justices from Special Sessions as supporters to his statement are an example made by an official that is not consistent with the data.

2.13. Conclusion

Black bankers did not have the criminal toughness or access to criminal resources to compete with assertive White racketeers. White policy bankers with a background in the illicit alcohol business were trained in bootlegging, a criminal activity. Their prior illicit business experience taught them the importance of political connections.

During the prohibition era, Blacks did not play any dominate roles in the trafficking of alcohol as did Whites. Harlem's Black policy number bankers were not immersed in the illegal alcohol business. More important for our purposes, the evidence suggests that Harlem's Black policy bankers did not have a symbiotic relationship with Tammany Hall's politicians. Harlem's White policy number bankers, because of their connections in the illicit alcohol business, did have prior experiences with Tammany leaders.

Harlem's White policy bankers were all in the

illegal alcohol business, before entering the policy numbers racket. White policy number bankers had capital from their illicit alcohol operations to invest in policy number banks that were usually large gambling operations. Black policy number bankers did not have assets from other illegal enterprises to invest in policy number banks and typically began their policy numbers business with limited capital in small operations. These differences may emerge as significant factors influencing the rise and fall of Black organized crime in Harlem in the 1920s.

CHAPTER 3

TYPE AND SOURCE OF DATA

3.1. Nature of the data

In this study, both primary and secondary data sources are employed. Early criminal justice records, are neither uniform, clear, nor reliable. Secondary data from police and court records do not always reflect the situations, events, behavior and individuals they putatively represent. For example, in the 1920s few of those arrested, who were even vaguely familiar with the criminal justice system, would give their right names. If the fingerprint record did not disclose an individual's true identity, he could be considered a first offender. Social security identification cards did not exist in the 1920s and few individuals carried their birth certificates with them. Even fewer people living in ghettos had bank accounts or other types of personal or financial records to check their identities.

There is little research about Harlem's Black number operators. Although several researchers have investigated numbers gambling in recent years, none have directed their attention to the Harlem policy rackets of the 1920-1930 period. Data collection is somewhat complicated because

many of the official records of the period were either destroyed, or incomplete and those that do exist are often suspect. Also the body of directly applicable literature is comparatively small. Constrained by these lacunae of information the study must rely on a careful examination and analysis of the records that do exist to add to the body of knowledge about the phenomenon.

3.1.1. Type of data

The data includes arrest records obtained from the New York City Police Department's Identification Section for persons arrested and fingerprinted during the 1920-1930 era. This data is examined in an effort to locate person of the Harlem area that were involved in the policy rackets. Magistrate Court records were also probed for persons arrested for policy violations and arraigned in the Harlem courts. Newspaper reports of the actors and occurrences in the policy racket in Harlem were scrutinized. Governmental records and reports, archival records, print data published in journals and books were examined to test the hypotheses of this study.

3.2. Arrest data

These data are useful in examining the kinds and patterns of offenses committed. Our hypothesis suggests that Black policy operators were not predatory criminals.

Examinations of arrest histories of Black policy bankers should reveal that they were not involved in criminal behaviors other than policy and gambling.

A search, in an attempt to locate New York Police Department arrest card records for 1920-1930 era, revealed they no longer exist; they were destroyed. These arrest cards were made out at the time of arrest and detailed the arrest information. Another source of data, which could have been helpful, was the entries in the precinct arrest books. These books were located in every police precinct station house in New York City in which entries of the details of an arrest were entered. The arrest books for the 1920-1930 era no longer exist, either; the Police Department periodically destroys these records.

The only arrest data that exists for the period, are for those offenses where fingerprints were taken, (See appendix "A") they exist on microfilm and are kept in the Identification Section located at Police Headquarters. These microfilm fingerprint records give limited details of an arrest. They show the person arrested, crime violated, and his or hers associates in the arrest.

3.3. Fingerprint records

Persons arrested for violations of the policy statutes in New York are fingerprinted. A fingerprint search for persons arrested in the Harlem area, during the 1920-1930 era, for policy violations would enable us to construct a data base for an examination of Hypothesis 1, which is that Black organized criminal groups have not followed the same evolutionary development that White criminal groups are alleged to have experienced.

Locating a record helps in reconstructing a criminal organizational structure in the policy rackets that may have existed in the Harlem community. The old fingerprint records are filed on microfilm and stored in the New York City Police Department Identification Section. (See appendix "A" for some of the problems experienced when using these files) A search of these records centered on locating persons arrested during 1920-1930 for policy violations in the Harlem area. It was expected that when a file was located, it would show if that person had a previous arrest record and the types of crime for which they were previously arrested. All previous arrests are listed on the defendants last arrest file, and the last arrest file would include aliases the defendant may have previously used when arrested.

When a criminal file is located the following information should be listed: defendant's name, place of arrest, crime, race, age, sex, associates in this arrest, and the officer making the arrest. In addition to the arrest information on the fingerprint records, a "pedigree" file is also created -- that is, a file that gives the physical appearance of the defendant and includes names and criminal identification numbers of associates in the current arrest.

3.4. Magistrate Court records

Established in the mid-nineteenth century and known at that time as the Police Court, the Magistrates Court functions as the court of initial arraignment. In New York City all arraignment starts in the Magistrates Court. Crimes classified as felonies are referred to the Court of General Sessions for trial.

Arrested persons were first brought to the local police precinct there they were questioned and then "booked,"¹ after which they taken to the Magistrates Court of jurisdiction and arraigned. The presiding magistrate would then determine the class of the offense whether it was a felony, misdemeanor, or a minor offense. Once that was

¹A procedure where prisoners are brought before the precinct desk officer who verifies that reasonable grounds and proper charges for the arrest existed. Also, an attempt to verify the identity of the prisoner were made during this process.

determined the magistrate would decide upon an appropriate judicial course of action. Misdemeanor cases were tried in the Court of Special Sessions. The Magistrates Court, the court of initial arraignment, had summary jurisdiction only over minor violations. If the Magistrate determined that the offense was a felony, the cases would be brought to the attention of the District Attorney, who in turn would prepare the matter for a grand jury hearing. If the grand jury sees fit to indict the defendant, the case is then referred to the Court of General Sessions.

The Magistrates Court docket book records all persons arrested within its jurisdiction for violations of all New York State Laws. Federal crimes are arraigned in federal courts. Violations of the New York State gambling laws are state crimes. Magistrate Court's docket books recorded all persons arrested in the Harlem area for violations of New York State gambling laws. The Magistrate Court's docket books do not give details of the arrest other than the offense committed. The details of an arrest are made in court affidavits.

Before 1926, all policy arrests were classified as felony crimes. From 1920 to 1926, there were about a 14 percent convictions rate in policy arrests for New York City (Police Commissioner's Annual Report, 1920-1926). Unless

the defendant was arrested for a felony and convicted, the affidavit no longer exists. After 1926, New York State's Legislature revised its gambling laws and reduced policy gambling violations to a misdemeanors; court affidavits for misdemeanors were not kept.

An examination of the 5th and 12th District Magistrate Court Docket Books for the period 1920-1930 was made. Entries of policy arrests arraigned in these courts were examined.² The 5th District Magistrate Court, also known as the "Harlem Court," was located on 121st Street and Sylvan Place. The 12th District Court was located at 1130 St. Nicholas Avenue. These courts' docket books included the following data: the arresting officer's name, precinct of arrest, defendant's name and address, age, sex and race. There are also captions that identify the complainant, the defendant's lawyer, the surety company that posted bail, the disposition of the case, and whether the case was sent to another court for an adjudication. In most instances, these later captions were not completed or left blank.

² The docket books are stored in a warehouse located in Brooklyn, New York. There is a long waiting period between ordering the book and their delivery to the Archives located on Chambers street in Manhattan. At the time of my search, cataloging these docket books had not been completed and many of the book could not be located.

It would seem that many of the persons arrested gave false identities and addresses, which were not discovered by the police or the courts. This purported deception by defendants would jeopardize the construction of a reliable data base for testing the hypothesis about criminal organization and participation in them. McKay (1940) reports that: "Arrested collectors used substitute names." Also when "important officials" of the game were arrested and convicted the policy number banker would arrange to have a willing substitute be sentenced in the place of the "important" one (McKay 1940, 111). Thus, other data sources are necessary to supplement police and court records to complete the picture of the history of the policy racket in Harlem.

3.5. Newspaper reports

Newspapers are an important source of arrest information. In many instances, newspapers may be the only source of information about criminal events that is still available to researchers. Police records may only list the type of crime for which the defendant was arrested. Police reports usually do not give a description of the alleged events leading to the arrest or the role the defendant played in the event. These facts are revealed in court testimony that is not available anymore. Transcripts of cases not taken in courts of record are destroyed. The arrest of many persons in Harlem was published in local

newspapers. Many of the newspapers shown are listed in appendix "B" as sources for arrest data. On January 17, 1923 a Harlem newspaper, New York Amsterdam News, started a column entitled, "In the Court" and weekly listed many of the persons arrested in Harlem. It gave their addresses and crime charged. These lists were in no way complete, when compared to the Harlem courts docket books, but they are a source of information on persons arrested in the Harlem area. The newspaper editors believed these arrest disclosures would interest their readers. The New York Age, another weekly Harlem newspaper, also published arrests that concerned the Harlem community. Many of the persons involved in the Harlem policy racket can be developed from these two newspapers.

3.6. Governmental records and reports

City, state, and federal investigative records (e.g., Congressional Committee Hearings) identify persons arrested for "policy" violations and identify instigators of political corruption to enhance their criminal activities in the Harlem community. These reports generate statistical data of great value.

3.7. Seabury's investigations

Samuel Seabury was involved in three major investigations of law enforcement activities in New York City and

State. The Seabury investigations included: 1. Referee for the Investigation of the Magistrates' Courts and of Attorneys-at-Law practicing in said courts. This investigation was started by the Appellate Division of the Supreme Court, First Judicial Department - Bronx and Manhattan, in August 1930. The Final Report (1932) of this investigation was issued by Samuel Seabury. 2. On March 10, 1931 Governor Roosevelt appointed Seabury Commissioner to investigate Manhattans' District Attorney Thomas C.T. Crain. 3. On April 8, 1931, the New York State Legislative Committee appointed Seabury to act as counsel in its inquiry into New York City's government.

Samuel Seabury, in the above investigations, acted as Referee in 1930 for the Appellate Division, as Commissioner in 1931 for Governor Roosevelt, and as Counsel in 1931 for a New York State Legislative committee. The investigation of the courts identifies major Harlem Black bankers who were later prosecuted and convicted of tax evasion. Secondly, Seabury proved endemic political corruption being engaged in by Judges, court officers, District Attorneys, police officers and "fixers" at the Magistrates Court located in the Bronx and Manhattan.

Several magistrates were removed from office as a result of his work. Charges against thirty-five policy

officers assigned to the vice squad, resulted in thirteen being dismissed from the force. Fifteen cases were still pending at time of his final report. Charges against accused police stemmed from their activities in the Women's Court, the Harlem Court, and the West 54th Street Court (Seabury 1974, 80-103).

3.8. Blanshard's investigation

A Report of the Activities of the Department of Investigations and Accounts (1934-1937) was conducted by Blanshard. Leading criminal gangs in New York City maintained lawyers and a ring of bail bondsmen upon whom they could call in any emergency. The Blanshard (1937) report identifies several of the major Black policy operators of the 1920s. The investigation, in part, inquired into the relationship between lawyers and bondsmen with Harlem's policy racket.

3.9. New York City Municipal Reference and Research Center

The population of New York City, by regions, as to ethnic composition, election data, and other demographic data are available for researchers at this center. This information is vital in evaluating the political and ethnic composition of an area in a time frame of inquiry. The Police Commissioners' Annual Reports published arrest data for New York City starting in 1911 and continues the prac-

tice to the present day. These reports are the only official arrest records published during the 1920-1930 period. The New York City Official Directory starting from 1900 to the present day is located at this center. This publication issued official election and population data for the city in any given year.

3.10. The Municipal Archives

The search of old court records aids in the construction of the data base of information about the policy rackets in the Harlem community during the period under study. New York Department of Records and Information Services Municipal Archives stores Court records from 1808-1935. There are records that indicate indictments, case files, docket books for Magistrate's, General Sessions, Marine, Oyer and Terminer, Municipal and Police Courts, Census and City Directories. The files were searched to identify the Harlem residents in the policy rackets during the 1920-1930 period. The problems of constructing a reliable data base from these files present the same problems as detailed above, when reporting the search of the 5th and 12th Magistrates Court Docket books in Section 3.4.

3.11. Print data

The number of directly pertinent records to test the hypotheses of this study are comparatively small.

Constrained by this scarcity of information, we must rely on the records that do exist and review the relevant literature to test, firstly, whether Black organized criminal groups followed the same evolutionary development that White criminal groups are alleged to have experienced. Secondly, we seek to determine if in fact, Black policy bankers lost their leadership and control of their illicit gambling enterprises to White criminal gangs mainly because they lacked the political and economic resources to resist.

The study in Chapter 5 seeks to determine how the numbers game was played in Harlem in the 1920s and tries to identify the organizational structure and reasons for changes in gang leadership that operated these illicit enterprises. With these developments, efforts to determine the economic impact the numbers operation exerted on the Harlem community will be examined in Chapter 8. The data sources identified in this chapter will be analyzed throughout the study to test the already identified hypotheses.

CHAPTER 4

DATA ANALYSIS

4.1. Key variables

The data collected from the sources reported in Chapter 3 (Type and Sources of Data) are identified and analyzed here. The major focus is to define operationally, how the data applies to the hypotheses of this study. Once operationalized, the data will either prove or refute the hypotheses. The relative strengths and weaknesses of the data are crucial in understanding the events and results.

4.2. The asset of criminal toughness

An individual or group's capacity to inflict violence is an important factor in illicit operations. That ability, imagined or real, to impose violence is an important asset in an illegal business where participants cannot rely on the court and police to perform the function of enforcement. Once developed, the potential for vehemence can become important in cutting out competition. For these reasons, a number of gambling firms with a strong capacity for violence had an obvious competitive advantage in the policy racket.

The first hypothesis of this study alleges that:

Harlem's Black policy bankers did not experience the same criminal development as did White policy bankers. This difference among Black and White policy number leaders could explain why White-led policy operators were able to overcome Black controlled policy operations.

An explanation of the Stier and Richards paradigm where the three stages of criminal development: predator, parasitical, and symbiotic are presented, is relevant. The authors allege that criminal groups evolve through these three stages. The hypothesis contends that the Blacks, who led the policy number groups that evolved in the Harlem policy racket during 1920-1930, did not have the criminal toughness that White-led criminal groups commanded.

This hypothesis holds that because Black policy bankers lacked toughness they lost their prominence in the policy rackets. I understand "criminal toughness" to mean a credible willingness to use violence to gain advantage. This trait is measurable quantitatively by examining the arrest records of Blacks and White criminals, when involved in a criminal confrontation. The criminals, who in the past used violence when committing a crime, are more likely to exercise this trait if conditions require its use.

The hypothesis states that Black policy bankers did

not evolve out of the predator stage of the Stier and Richards paradigm as did White policy bankers. Black bankers in the policy racket are alleged to have started in the second stage of the Stier and Richard model, the parasitical stage. If Black policy bankers did not evolve out of the predatory stage, they would not be expected to exhibit the predatory traits as those who did evolve out of violent criminal milieus.

White criminal gang leaders of the period did evolve out of the predatory stage and had contacts with predatory criminals to do their bidding when needed (Block 1983; Peterson 1983; Sann 1971; Kobler 1971; Thompson and Raymond 1940). Blacks without this variable, criminal toughness, could not hold on to their criminal assets in the policy racket when the White gangs in the early 1930s started to exercise criminal toughness against them (Davis 1939; Block 1983; Sann 1971).

4.3. The asset of political power

The second hypothesis states that: Harlem's Black policy bankers lost their leadership role in the racket, during the 1920s when challenged by White policy bankers. This is attributable in part to Black policy bankers lacking the necessary political and economic resources commanded by White who used these assets to force Blacks out of their

leadership roles. The capacity for corrupting government officials is an important factor in sustaining the illegal numbers game. One way to think about the process is to imagine that various government officials and agencies responsible for enforcing laws against illegal activities, have a de facto power to grant a "license" to illegal enterprises from the threat of arrest.

Criminal organizations afford its members protection from arrests by its ability to corrupt and influence the criminal justice system, by implementing public policy, or influencing political behavior to its advantage; usually this authority entails some kinds of action that becomes typical and occurred with regularity. Gangster Dutch Schultz, paying political leader James Hines a monthly bribe is an example of the above. When analyzing patterns of actions and understanding the political decision's individuals can make upon society, the definition Plano, Riggs and Robin (1982) assign to a political actor is what is meant by the term "political power" in this study. Their notion states: "Political Actor -- An individual or social group that affects the decision process within a political system. As in the theater, the political actor 'plays a role' in politics" (Plano, Riggs and Robin 1982, 96).

In the 1920s, the court personnel, the clerks, the

District Attorney, the Judges, were all political appointees under the influence of Tammany Hall, the Democratic party's political headquarters that directed the politics in New York City (Black 1983; Peterson 1983; Fogelson 1974; Sann 1971; Mitgang 1963; Thompson and Raymond 1940; Northrop & Northrop 1932; Asbury 1928). It would appear that Black policy bankers lacked the political connections that White dominated gangs commanded to access the influence of Tammany Hall, the Democratic party's stronghold in New York. Black political leaders did not command any decision making roles in the Harlem community.

Seabury acknowledged that a prior investigation of the City Magistrates' Courts by the Page Commission in 1910,¹ revealed the same shocking conditions existed in the inferior courts to those found, when he investigated the same courts in 1932 (Seabury 1932, 13-14). It can be assumed that the courts during the 1920-1930 era were in the same state as Seabury found them in 1931. Seabury reported that:

The reason we are not better off today under the Inferior Criminal Courts Act than we were prior to its enactment is the Criminal Courts Act left unimpaired and free to flourish the basic vice in the Magistrates' Courts, i.e., their administration as a part of the political spoil's system. It left the Magistrates to be appointed by a political agency,

¹ Page reorganized the courts under the Inferior Criminal Courts Act in an effort to correct the abuses; obviously the reform act did not work.

the Mayor, upon the recommendation of the district leaders within his political party -- and these men, as we know, have regarded the places to be filled as plums to be distributed as regards for services rendered by faithful party workers. . . The insidious auspices under with the Magistrates, the clerks, the assistant clerks and the attendants are appointed are bad enough; the condition under which they retain their appointments are infinitely worse, because they involve the subserviency in office to district leaders and other politicians. It is a byword in the corridors of the Magistrates' Courts of the City of New York that the intervention of a friend in the district political club is much more potent in the disposition of cases than the merits of the cause or the services of the best lawyer and, unfortunately, the truth of the statement alone prevents it from being a slander upon the good name of the City (Seabury 1932, 14-15).

Seabury's probes confirm grounds for the dismissal, resignation, and early retirement of a mayor, judges, court personal, police officers and administrators engaged in the administration of criminal justice. As referee for the Investigation of the Magistrates' Courts and of attorneys practicing in said courts, he documented endemic corruption within the Magistrates Courts. As Commissioner to investigate Manhattan's District Attorney Thomas C.T. Crain, Seabury disclosed the ineptitude of Crain's leadership. As counsel for the New York State Legislative Committee in its inquiry into New York City's government, this culminated in the resignation of Mayor Walker. Seabury documented much of the corruption that prevailed in New York City in his era but corruption continued to plague the administrators of criminal justice as many investigations since have shown.

Seabury's Final Report (1932) documented the widespread political corruption that existed in Harlem's policy racket. This supports other evidence presented throughout this study. He reports:

Another variation of the pernicious system I have described . . . flourished in the Fifth District Court, the so-called Harlem Court. Here too a horde of lawyers and bondsmen, working hand-in-glove, preyed on the poor and ignorant, the greater part of who resided in Harlem. These practices were especially prevalent in the "policy" arrests, of which there are literally thousands every year. Police officers, and minor court officials as well, derived an illegal advantage from the "policy game," by selling immunity to its sponsors. It is unnecessary to repeat here the modus operandi; in substance it was the same as prevailed in cases in other courts, already described.

The game of "policy" or "numbers" in New York City is apparently indigenous to this section in Harlem. Though it is an elementary form of gambling, the yearly intake of money by the "policy bankers" who run it is astonishing. It is a tremendous industry employing thousands of people. . . As there are hundreds of "bankers" and innumerable players, it is easily seen that the business is gigantic. . .

The "bankers" subpoenaed testified that they obtained bondsmen and lawyers for those of their employees who were arrested and took care of their families if they were convicted. However, in order to forestall arrest and conviction, certain "bankers" secured the cooperation of the police by paying them for immunity. They gave their employees certain buttons, the effect of which was to make them immune from arrest. All the "bankers" denied using these buttons, but buttons taken from employees were produced in court. One especially careful "banker," Roberts, employed a girl as a "fixer" for those of his employees who came before the court. In this capacity, she would see anyone it was necessary to see - officer, judge or attorney (Seabury 1932, 135-137).

Seabury (1932) stressed in his Final Report that

abuses existed in the court and there could be no remedy for easing these conditions unless the courts could be freed from political control. He emphasized that:

There is too much patronage and rich opportunity for spoils to allow the necessary changes to be made, if the political forces that now dominate can prevent it; but change there must be if these evils are to be severed by the administration of justice (Seabury Report 1932, 223).

Tammany Hall's political strategists did not consider the Black votes necessary to their elective goals during the 1920-1930 era. New York City's Blacks were not yet part of the political process and were not an important part in the city's political processes. Most of New York City's Blacks in the 1920s voted Republican in national elections and Democratic in local elections. Blacks were not a coordinated political group nor were their numbers a deciding factor in an election. Consequently, Blacks did not hold many political positions. Only token official jobs were given to some few Blacks during this period (Lewinson 1974).

During the 1920s, Blacks were influenced by two leading Black organizations. The first such group was The Universal Negro Improvement Association (UNIA). Headed by Marcus Garvey, it was the largest Black organization of its day with enormous popular appeal in Harlem, advocating a "Back to Africa" appeal for Blacks. The UNIA enjoyed its greatest success amongst the lower classes of both native-

born and foreign-born Blacks, and its critics came from the middle-class West Indians and Afro-Americans. The second group that influenced Blacks was the National Association for the Advancement of Colored People, which drew its support from the Black middle class (Reid 1939, 147-8; McKay 1940, 158; Ottley 1968, 74-76). This dichotomy in Black leadership undermined a unified Black political effort.

The 1920 census reports there were 152,467 Blacks in New York City, or 2.7 percent of New York City's 5,620,048 population (Lewinson 1974, 58). The Black population of Manhattan in 1920 was 109,133 less than 2 percent of the city's population. In 1930, the Black population in New York City numbered 328,000, or 4.7 percent of the city's 6,930,446 population. Manhattan's Black population in 1930 was 224,670 (Greene 1978, 198). Blacks in the 1920-1930 era did not command their share of political power because of public attitudes toward them. Their numbers in the population of New York City, 2.7 percent in 1920, and 4.7 percent in 1930, were not yet a political factor that a White dominated society had to embrace. These population data do not address the voting record of Blacks during the period. Historically, the rate of Blacks voting in elections is less than that of the voting White community. Clearly the percentage of Blacks in New York during the 1920s did not command as much political power as did Whites.

In 1920, Harlem was bordered by 130th Street on the south, 145th Street on the north and west of Fifth to Eighth Avenue. The area was predominantly Black. Harlem Blacks numbered some 73,000 people. Two-thirds of Manhattan's Black population lived in Harlem in 1920 (Scheiner 1965, 123). The first Black official in New York to be elected was in the State assembly this occurred in 1917 (Lewinson 1979). A Republican candidate in 1919 became New York City's first Black Alderman (Greene 1979, 40). In 1920, there was only one Black Assistant District Attorney and there were no Black judges in New York City (Lewinson 1974).

In the 1920s, most of Manhattan's Black workers, 53.3 percent were employed in domestic and personal service jobs this expanded to 54.9 percent by 1930 (Greene 1979, 77). Only one hundred and six Black attorneys, and other Black court personnel were employed by New York City in 1930. This represents .0003 percent of the Black population employed by New York City in these positions (Greene 1979).

Greene (1979) discusses at length how corporate America exerted institutionalized discrimination against Black people during the 1920-1930 era in New York City. He reports:

B.H. Boggs, vice president in charge of personnel of the New York Telephone Company did not regard the exclusions of blacks for all company positions, other than menial labor as discrimination, but only

a customary practice. Other officials asserted whites and blacks could not work in harmony. A representative of the New York Telephone Company testified before the Mayor's Commission that the training of black operators would require separate school and that friction between white and black employees would slow up service. An underestimation of black ability to handle non-menial labor had as its foundation the belief in the racial inferiority of blacks (Greene 1979, 98-9).

To operationally define the variable, political power, and how it applies to the hypotheses of this study, it is necessary to bring the period of 1920-1930 into focus of how the status of Blacks was perceived in White America. This perception advocated that Blacks were racially inferior. The perception was also shared by the corporate community as well. Blacks lacked political power to combat discrimination. Government hearing on racial discrimination during the 1920-1930 period on employment practices did not improve the Black work-place. Major department store, utility companies, insurance companies, trade unions, municipal and federal jobs discriminated against Blacks in their hiring practices (Greene 1979). The law abiding sector of the Black community could not establish a political base to oppose racial discrimination, why would the criminal segment of the Black community be any different.

4.4. Definition of predator

In the Stier and Richards (1986) model, "predator" refers to a behavior of a criminal or members of a criminal

group that are similar to that of everyday street criminals committing violent crimes such as robbery, assault, and extortions. These criminal undertakings are clearly predatory in that the victim is violently set upon by other persons. It is the magnitude frequency and reputation for such crimes that becomes a basis for establishing status with other criminal groups. A criminal group in the predatory stage, is an organism that regenerates from within, as long as the group has motivation to exist.

4.5. Definition of parasitical

In the parasitical stage, the second phase in the evolution of an organized crime group, the group begins to take on a more formal internal hierarchical structure from which two basic features emerge: first, the internal control and discipline of the group becomes sophisticated, often based on reputations established in its predatory days. Secondly, in its moneymaking life, the gang begins to move away from violent predatory ventures and seeks its sustenance from continuing business undertakings that may be both legitimate and illegitimate.

Rather than violently take away the resources (goods and services) of the individual and the community as a whole, parasitical criminal groups permit them to function, but with a "criminal tax" or "criminal rent" imposed. The

parasitical group demands tribute of one kind or another. In effect, parasitical groups engage in systemic extortions.

These ventures and enterprises are mostly designed to provide society with goods and services that society itself on the one hand decrees to be illegal, and on the other hand, demands to such an extent that an illegal "market" emerges. The economic success of parasitical criminal group is enhanced by employing corruption, in which the criminal enterprises are shielded against police interdiction and let loose to exploit the community they are embedded in as part of its illicit service delivery system.

When criminal enterprises are not well organized, they may find themselves competing with independent entrepreneurs for a share of the illicit goods and service market. Organized parasitic criminals attempt to corrupt the criminal justice organizations, so that they are free to operate with impunity to the point where citizens become dependent upon the criminal's service and unwittingly accept the criminal's corrupting influence on the criminal justice system. It is this unwitting partnership, the public's indifference to their role in corruption, and organized crime ability to corrupt, that exerts a danger on the well being of society.

4.6. Definition of symbiotic

This stage is the most sophisticated phase of criminal organizational development in the Stier and Richards (1987) model. The organized criminal group has integrated itself into the structure of legitimate business enterprises, and seeks to minimize its risks by using its criminal assets and resource systems of violence and corruption to achieve business objectives. In this advanced form, organized crime is so thoroughly assimilated and intertwined into the economic, political, and social institutions of the legitimate society, that it may no longer be recognizable as a purely criminal venture. This evolutionary process can occur inter-culturally and ethnically (Ianni 1974).

4.7. Lotteries

The type of lottery played in the twentieth century is also known as a ternary type lottery. The game used numbers 1 to 78 in groups of three number combinations. Twelve numbers are drawn from the 78 numbers at one time. The ticket bearing the first three numbers drawn, in order of their appearance, wins the capital prize; the fourth, fifth, and sixth numbers drawn win the second prize; and so on, until the tenth, eleventh, and twelfth numbers drawn that win the fourth prize. A combination of the second, third, and fourth numbers received the fifth award, and so on. Tickets with two drawn numbers win smaller prizes, as

do those with one number. As many as 30,000 prizes are offered. The remaining tickets that do not possess any of twelve drawn numbers, are blanks and do not receive a prize (Asbury 1938; Ezell 1960).

4.8. Lottery policy

Policy insurance are bets on individual numbers that are drawn in a lottery. This method of gambling started when lottery ticket dealers as a sideline to their lottery business, sold insurance on lottery numbers. Lottery players, who couldn't afford to buy a whole lottery ticket or a share of a lottery ticket, bought an insurance policy on lottery numbers of their choice. The lottery player could wager as little as a penny on their choice of numbers. The sales slips given the players were called an insurance policy or a lottery policy. By 1800 it was a part of every lottery drawing. Lottery policy betting is usually credited as the most damaging feature of the lottery system. It was the cause of most of the fraud and dishonesty in lottery drawings (Asbury 1938; Ezell 1960; Sullivan 1972).

4.9. Numbers

When using the terms "policy," "policy numbers," or "numbers," it is understood that these terms were used to refer to the number derived from the Clearing House Bank total used in the Harlem policy racket during the 1920-1930

period. Clearing House bank totals were used to create a three digit number from 000 to 999. These Clearing House Bank totals were published in most daily New York City newspapers, whenever the New York stock market was operating. After 1930, other methods, e.g., racehorse results, were used to figure out winning policy numbers. The same terms however, "policy," "policy numbers," or "numbers" continued to be used to identify the racket (Block 1983; Carlson 1940).

4.10. Italian lottery

Italian Province policy is based upon numbers drawn in the eight cities in Italy. These cities are: Naples, Bari, Florence, Milan, Palermo, Rome, Turin, and Venice. The range of numbers in Italian Lottery is from 1 to 90 with five numbers being drawn weekly in each city. Since there are eight independent drawings the results will be eight sets of five numbers. The Italian lottery during the period of this study is essentially in the same form as it was in 1860 when it was brought under the control of the national state in Italy as the "Regio Lotto" (Carlson 1940).

Between 1920 and 1930, Italian Lottery was alleged to be under the control of the Unione Siciliana (Carlson 1940; Turkus and Feder 1951). Its clients were mostly from the city's Italian population. The Unione Siciliana was an

informal confederation of local groups of Sicilians, who were allegedly involved in extortions, the protection racket, and illicit and licit business in the "Little Italies" of America's urban centers (Ianni 1972).

4.11. New York City Police Commissioner's Annual Reports for the year's 1920-1935

These reports include the arrests and dispositions of arrests made by the Police Department. (see Table 1) The information for was taken from the Police Commissioner's Annual Reports for the year's 1920-1935. A shortcoming occurs in these statistics, when the Report lists Policy or Lottery using the generic meaning of the offense. In the Report both felony and misdemeanor gambling offenses are listed under one general heading, the offense.

TABLE 1

ARREST 1920-35 POLICE COMMISSIONERS ANNUAL REPORTS

	Male	Female	Total	Conviction	Conviction Percentage	Discharged
1920						
Lottery	57	2	59	29	49%	28
Policy	7	0	7	-	-	4
1921						
Lottery	110	11	121	49	40.5%	52
Policy	148	5	153	59	38.5%	22
1922						
Lottery	229	29	328	212	64.6%	70
Policy	620	34	654	116	17.7%	391

continued

	Male	Female	Total	Conviction	Conviction Percentage	Discharged
1923						
Lottery	382	43	425	246	57.8%	113
Policy	965	49	1014	118	11.6%	893
1924						
Lottery	657	55	712	496	69.6%	219
Policy	746	28	774	107	13.8%	489
1925						
Lottery	249	25	274	193	70.4%	60
Policy	1148	27	1175	115	9.7%	1192
1926 (In July Policy Laws were liberalized)						
Lottery	251	11	262	126	48%	61
Policy	1380	72	1452	121	8.3%	900
1927						
Lottery	262	17	279	219	78.4%	106
Policy	1938	298	2236	787	35.1%	991
1928						
Lottery	196	22	218	125	57.3%	106
Policy	2334	473	2807	1367	48.6%	1014
1929						
Lottery	193	18	211	89	42.1%	113
Policy	3017	480	3497	1681	48%	1438
1930 (Seabury Investigation Aug. 25, 1930 to Mar. 28, 1932)						
Lottery	351	27	378	118	32.2%	152
Policy	3852	482	4334	1896	43.7%	1262
1931						
Lottery	270	18	288	117	51.3%	110
Policy	1451	92	1563	1222	78.1%	782
1932						
Lottery	480	23	503	136	27%	224
Policy	3482	248	3730	1633	43.7%	862
1933						
Lottery	694	39	733	218	29.7%	334
Policy	6025	329	6354	4556	71.7%	1257
1934						
Lottery	296	15	311	146	46.9%	110
Policy	9808	552	10,360	6626	63.9%	1747
1935						
Lottery	297	23	320	72	22.5%	143
Policy	12,964	728	13,692	6340	46.3%	2719

Examining the data, one cannot identify defendants arrested for serious policy offenses, such as operating

a policy bank, as opposed to an arrest for possession of small amounts of policy slips. The lottery and policy categories only report the number of persons arrested for violations of the Lottery and Policy laws, not the degree of the offense. The vast majority of persons represented in the Annual Report's arrest data for lottery and policy are the workers in the racket, not the bosses. This notion of who the arrest data represents is supported, when viewing the criminal records of a policy banker: they are seldom arrested for policy offenses as compared to number collectors.

In Table 1, the arrest data for the 1930-1935 period raises interesting questions, especially the fluctuation in the number of policy arrest and convictions for 1931, the year the Seabury's investigations started. In 1930 there were 4,334 arrests for policy violations and a 43.7 percent conviction rate. In 1931, the year the Seabury investigation started, arrests for policy violation decreased to 1,563 and convictions increased to 78.1 percent.

The following year, 1932, the policy violation arrests of 1,633 are about the same as 1931, but the conviction rate decreased to 43.7 percent. In 1933, policy violation arrests increased to 4,556 and the conviction rate increased to 71.7 percent. One could only speculate the

reasons for these fluctuations in policy arrests and conviction rate in this period. Seabury's investigation appears as an independent variable that seems to have affected the policy arrest and conviction numbers.

4.11.1. Ages of persons arrested

Before 1930, the Police Commissioner's Annual Report arrest data did not provide the ages of persons arrested. Beginning in 1930, the Annual Reports' arrest data include age categories of all persons arrested. For this reason, an analysis of the Reports arrest data are extended to include the lottery and policy arrest information for 1930-1935 -- besides the 1920-1930 arrest data.

The arrests starting in 1930 are categorized in the Commissioner's Report into the following age groups: 16-20, 21-25, 26-30, 31-35, 36-40, 41-50, 51-60, and over 60. An exact mean age can not be calculated from the Reports' data, only an approximate mean age can be figured out. The spreads in arrest age categories do not permit an exact mean age to be calculated. Therefore, an approximate mean age was computed for each year.

TABLE 2

		NUMBER OF ARRESTS BY AGE 1930-1935								
		16-20	21-25	26-30	31-35	36-40	41-50	51-60	<60	AV. AGE
1930										
LOTTERY	10	35	72	80	81	66	25	9	36.1	
POLICY	111	401	928	845	815	767	393	74	36.2	
1931										
LOTTERY	13	65	68	56	43	27	16	-	32	
POLICY	76	229	411	275	295	205	56	16	33.1	
1932										
LOTTERY	28	61	102	103	84	75	41	9	34.8	
POLICY	177	550	850	616	583	646	253	55	34.5	
1933										
LOTTERY	42	36	198	144	138	127	34	14	35	
POLICY	424	992	1,290	1,226	1,222	827	297	76	33.4	
1934										
LOTTERY	19	19	82	54	54	46	31	6	35.6	
POLICY	743	1,651	2,143	1,902	1,813	1,362	669	77	33.5	
1935										
LOTTERY	22	35	67	59	50	48	30	9	35.4	
POLICY	979	2,276	2,586	2,547	2,900	2,205	177	22	32.3	

4.11.2. Arrest numbers

The Seabury Investigation of the Magistrates' Court and of Attorneys-at-law practicing in the courts of Bronx and Manhattan, began August 25, 1930 and ended March 28, 1932. The Harlem courts are located in Manhattan. The total policy arrests in 1930 as reported were 4,334, with a 48 percent conviction rate. The following year, 1931, policy arrests decreased to 1,563 and a rise in the conviction rate to 78.1 percent. In 1932, a total of 3,720 policy arrests was reported with a conviction rate of 43 percent. In 1933-35, the policy arrests are 6,354, 10,360 and 13,692, respectively. The conviction rates are 71.7 percent for

1933, 63.9 percent for 1934, and 46.3 percent for 1935. There are dramatic increases for policy arrests and convictions after 1931.

The decrease in policy arrests and increases in convictions, as indicated in the reports for 1930 to 1931 are dramatic. The data each year from 1920 to 1930 indicates an increase in policy arrests. Why a 36 percent decrease occurs in 1931, the year of the Seabury's investigation, warrants analysis. The conviction rate for the four years after 1926, the year that the State Legislature began new policy regulations by changing the crime from a felony to a misdemeanor, averaged 43.9 percent per year.

Before 1926, the approximate conviction rate from 1920-1925 was 15.1 percent. There was a sudden increase in the policy convictions to 78.1 percent in 1931 from a level of 43.7 percent a year earlier. What caused or contributed to this sudden variation in policy conviction in New York? Further, it may be asked if this anomaly in the decline in policy arrests and dramatic increase in policy convictions reflects a police concern for Seabury's investigation? Seabury's inquiry did include corrupt police practices.

4.11.3. Arrest averages

As noted above, the arrest data do not identify the

sex of the person arrested. Table 1, provides the sex identity of the persons arrested. A discussion of why this is important will be addressed in the section 4.11.5. The approximate average age of persons arrested for policy during the 1930-1935 period, was 33.6 years. This evidence suggests that the policy racket employed mostly mature persons. The 18,103 persons arrested for policy from 1920-1930 is almost doubled to 35,699 from 1931-1935.

White dominance in the policy racket is supported by the evidence available in the literature. The policy numbers racket in Harlem was alleged to be under the domination of White gangs after 1930. In 1932 the policy arrests increase 42.1 percent. The following year, 1933, policy arrests increased 58.7 percent. In 1934 policy arrests increased 61.3 percent and in 1935 policy arrests increased 74.6 percent. One could only speculate why these large increases in policy arrest occurred city wide. It becomes apparent that the policy racket had become a major concern for police enforcement.

4.11.4. Explaining the increases in arrest averages

One could argue the notoriety given the policy rackets: first, by the kidnapping of Casper Holstein in 1928, and, secondly, the attention generated by Seabury's Investigation of the Magistrates' Courts in 1930, could be

underling causes for the increases in policy arrests in the 1930s. These two incidents brought Harlem's policy racket into wide public view.

Casper Holstein had large real estate holdings and maintained a fleet of luxury automobiles for his personal use, but Harlem's Blacks were aware of his real business. They knew him as a racetrack broker and a numbers banker and believed that his wealth came from the money he made in the numbers racket. He was one of the big six among the Harlem numbers bankers (McKay 1940, 102). As reported by Greene, Holstein's wealth "was reputed to be worth half a million dollars and to have taken in as high an amount as \$10,000 daily from his numbers operation" (1979, 171). On September 23, 1928 Holstein was reported kidnapped by White gangsters. This event was reported in the media at the time and caused considerable notoriety.²

The Holstein case hit the front page and achieved national publicity. Suddenly in 1928 the nation became aware of the state of affairs of a wealthy Harlem Black, Casper Holstein, reported kidnapped and held for \$50,000 ransom. "It was the first time a wealthy Negro was kidnapped and held for ransom" (McKay 1940, 105). The New York

² Lucien W. White, "Holstein Seized by Bandits." New York Age (New York): 29 September 1928, 1,2. New York Times (New York): 23, 25, 27, 28 September 1928; 21 December 1928.

Times in its kidnapping report, identifies Holstein as one of Harlem's wealthiest Blacks and that he had bet more than \$30,000 on the races at Belmont Park one day, during the past week before his abduction. Holstein's sudden notoriety made the outside world aware of another side of Harlem -- there were wealthy Blacks in Harlem, whose wealth could have been made in a racket.

On August 25, 1930, Judge Seabury opened his Hearings in the Investigation of the Magistrates' Courts and of Attorneys-at-law practicing in these courts. His investigation was responsible for two Black policy bankers from Harlem being jailed for tax evasion. The following is Seabury's comments about them:

The story of Jose Enrique Miro is indicative of the activities of the policy "banker" and of his large profits. In 1926, Miro, a common laborer, began as a "policy banker," employing six collectors whose names he said he did not know. . . . His accounts show the tremendous income derived from the poor of Harlem. He had six admitted accounts in which, between July 7, 1927 and December 12, 1930, he deposited \$1,111,730. He had three other accounts, which he denied were his, and into which he deposited \$139,826. The grand total of his accounts was \$1,251,556.

Another "policy banker," Wilfred Brunder, . . . his accounts . . . indicated that between January 1, 1925, and December 31, 1930, Brunder had deposited the amazing total of \$1,753,342 (Fogelson 1974, 135-8).

These two events, the Holstein kidnapping and the Seabury investigation, when viewed in broader context, could

account for the increase in arrests as described above in section 4.11.3. It would follow that, once the popularity of the number game was made known to a national audience the more police attention it would attract.

4.11.5. Female arrest numbers

There were 378 females arrested for violations of the lottery laws between 1920-1935 as reported in the Police Commissioner's Annual Reports. This is 7.36 percent of 5,134, the total lottery arrests; the female policy arrests were 3,897, or 7.24 percent of the total 53,805 arrested in the same sixteen year period. In the sixteen years 1920-1935, the percentage of arrest for females in both lottery and policy violations was about the same amount, though more females were arrested for policy than for lottery violations. Policy playing increased, while lottery gambling decreased.

The female's role in the gambling business was limited to mostly that of collectors or clerical workers in policy banks. Females are known, however, to operate their own policy banks.³ They were likely to have started in the business as players before becoming collectors or office

³New York Age (New York): 4 January 1930; 13 December 1930. Stephanie Saint Clair when testifying before the Seabury investigators admitted that she was involved in policy since 1924. She was operating her own policy bank when arrested.

workers in a bank, in analyzing arrests made of policy banks many of the defendants were females. This observation supports the notion that the female's role in the numbers business is mostly that of a collector or clerical workers in policy banks. The players are residents of a community and they know those with whom they are betting.' It is only natural that women would be involved in number playing. The entire community was engaged in it -- especially where you bet as little as a penny in the hopes of winning six dollars which in those years was a hardy sum of money.

It is unlikely that Black women were members of gangs in this period. Moreover, there is no documentary evidence indicating that they were. That Black women were involved in the policy racket, both as players and then as operators, in the 1920s, supports the idea that the numbers racket did not evolve out of predatory gangs as did the leaders of policy rackets among White gangs. That Black women were part of predatory gangs in the 1920s is not supported by the literature either. There is evidence, however, that a White woman, Pauline Kassell, was involved. (see section 7.6.)

'Five Plays by Langston Hughes, ed., W. Smalley, (Bloomington: Indiana University Press, 1968). In one of the plays "Little Ham" in this collection, Hughes portrays the activities in a shoe shine parlor, in the late 1920s, the establishment is owned by Madam Lucille Bell, who is also a "number" collector.

The vast majority of women arrested for violation of the policy laws in the Harlem community were Black. The entries in the docket book of the Harlem courts (discussed later in this section) provide empirical support of this. It is likely that the women involved in the numbers racket were known to the persons from whom they collected policy bets. The women lived in the community and knew the policy banker and players consequently the operation was more like a "cottage industry" than an organized criminal network.

It was the Blacks that introduced numbers into the Harlem community. The Black bankers were not feared by the Harlem community. They created an atmosphere of hope in Harlem, and when they were forced to acquiesce with the demands of White gang leaders, the Harlem community reacted to the change. Claude McKay's version in the way Harlemites perceived the collapse of independence among the Black bankers is instructive: "And the éclat in the atmosphere, which formerly made Harlem hum like a beehive, went out of the game forever" (McKay 1940, 112). When the Whites entered the racket, they used the Black collectors and local store merchants to collect the numbers, but they did not have the sensitivity to the culture of the Black community that played, as did the Black policy bankers who originated the game.

4.11.6. Conclusion that can be drawn from the Police Commissioner's Annual Reports

Lottery, lottery type policy, and insurance policy, were replaced by policy that derived its winning numbers from sources other than lotteries. The Report made distinctions by reporting lotteries and policy in separate categories and the increase of policy arrest and the decrease of lottery arrest confirms these trends. In the 1920s, the policy numbers were determined by Clearing House bank totals and, in the thirties, from parimutuel race horse results. In other sections of the country where numbers were played, e.g., Detroit and Chicago, lottery type number games persisted as the method of playing numbers throughout the 1930s (Carlson 1940). In the eleven years, 1920-1930, the policy racket using Clearing House totals as the source of determining winning numbers spread throughout the city. The arrest for policy increased from seven arrests in 1920 to 4,334 arrests in 1930 and to 13,692 by 1935, indicating the size of its growth.

The population growth between 1920 and 1930 of the city would alone not account for the increase in arrests in the numbers racket in New York City. Table 3, shows that the population in the city increased at a rate of about 120,000 per year, an approximate 2.1 percent growth per year. Excluding 1920 and 1921, where the arrest rate showed

dramatic increases, the yearly averages from 1922 to 1930 in policy arrest increase at an average of 129 percent. This invites the speculation that the increases were the result of more police vigilance and action against the scope of the racket.

4.12. New York Police Department Identification Section

The data generated by a criminal's record are useful in evaluating the type of criminal one is examining. The first hypothesis suggests that Black policy operators were not predatory criminals as were their White counterparts. Therefore, examinations of arrest histories should reveal the extent to which those operating the policy racket in Harlem were involved in criminal behaviors other than policy and gambling in their criminal careers. When no prior arrest exists in a defendant's record, it can be assumed that the person being examined is not as criminally prone as one with previous arrests on their record.

In the 1920s, persons arrested for violations of the policy statutes in New York City were fingerprinted in the police precinct of arrest. Their fingerprint forms were delivered to the Bureau of Identification (BCI) at 400 Broome Street in Manhattan for classification. The Bureau of Identification (BCI) classification is to figure out if the defendant has a previous arrest record. This previous

arrest information is to help the Judge in setting bail at the defendant's arraignment. Fingerprint records of the 1920-1930 era are presently on microfilm in the New York City Police Department Identification Section at 1 Police Plaza in Manhattan.

The fingerprint form used in the 1920-1930 era listed pertinent information about a defendant. The form lists a defendant's "E" or "B" number, if known by the arresting officer; and if not known, one is added after the prints are classified at the BCI. The problems encountered in trying to locate criminal records taken during the 1920-1930 period are discussed in APPENDIX ONE. All fingerprint forms were allegedly logged chronologically into an Arrest Record Book, when brought to the BCI office for classification.

The Arrest Record Books from January 1920 to December 1929 were scrutinized and all those charged with policy violation and recorded in those logs were examined. Table 3 lists all the policy arrests listed in the Arrest Record Book between 1920 and 1930. The BCI's arrest book records indicate 332 arrests for policy in the same period the Police Commissioner's Annual Report indicates 13,769 policy arrests. Apparently, the BCI did not list all the policy arrest in their Arrest Book Records.

The three month period before the New York State Legislators changed the policy statutes in July of 1926, the BCI increased the logging of policy arrests in their Arrest Book Records. The reasons why the BCI's personnel recorded more policy arrests during this period than in other periods as shown in Table 3, are not offered here. All policy arrests were supposed to be recorded.

TABLE 3

POLICY ARRESTS IN NEW YORK CITY STARTING 1/1/20 TO 12/31/29
AS RECORDED IN BCI ARREST BOOK RECORDS.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1920			0			1			0			0
1921			1			6			0			12
1922			6			0			2			13
1923			3			2			0			3
1924			7			0			2			5
1925			2			2			0			6
1926			12			224			1			12
1927			2			3			1			1
1928			2			5			1			0
1929			0			0			0			1

Total arrests = 332 Total No. Black arrests = 135

The Police Commissioner's Annual Report for the year 1926 shows 1,452 policy arrests. This averages to 121 policy arrests per month. The arrests logged in the BCI's Arrest Record Book was eighty-one in April, ninety in May and

fifty-four in June 1926. This is closer to the Police Commissioners monthly average number of policy arrest (121) than at any other time in the ten year period observed in this study. As Table 3 reveals, the BCI just did not log the policy arrest in New York City, as required of them when a comparison is made with the Police Commissioners Annual Report of policy arrests in the same time frame.

A criminal folder lists all of a defendant's previous arrests. The folder also includes information on any aliases the defendant is known by. Criminal files should contain the following information: "B" or "E" number, place of arrest, crime, race, age, sex, associates in this arrest, and the officer making the arrest. In addition, the folder contains a "pedigree" form which describes the physical appearance of the defendant.

The search of Identification Section files was conducted, in order to examine the criminal records of persons believed to be operating policy number banks in Harlem during the 1920s. To locate files, the subject's name and date of birth were necessary. (Not having a date of birth increases the difficulty in locating a file.) Harlem's policy bankers identified in Chapter 7 were established from police files, court docket books, literature and newspaper reports.

4.13. The 5th and 12th District Magistrates Court docket books

The courts in the Harlem area during the 1920s and 1930s were the 5th District Magistrate and 12th District Magistrate Courts. The 5th District Magistrates Court known as the "Harlem Court" was located on 121st Street and Sylvan Place in the borough of Manhattan. Sylvan Place runs north and south and connects 121st street with 122nd street. The streets that border 121st Street at this location on the east are Third Avenue and Lexington Avenue on the west. The 12th District Magistrates Court is at 1130 St. Nicholas Avenue in upper Manhattan. Location of arrest determined which court the arraignment took place.

One of the hypothesis of this study contends that Harlem's Black policy bankers did not experience the same criminal development as did White policy bankers. Harlem's Magistrate Court docket books were examined for data that would confirm or reject this notion that Black policy bankers had different criminal backgrounds than the White policy bankers. To test this idea, persons arrested for the same degree of a crime usually have similar bail set. The amount of bail was employed as an indicator or intervening variable that identified the criminal status of the bailee. Higher bail is usually requested for persons who have prior criminal records. Examining bail patterns of persons arrested

and charged with 974 Penal Law violations did not help in assessing the criminal background between Black and White defendants, however.

The docket books of both courts, between January 1920 to December 1929 for violations of the policy laws are detailed in Table's 4 and 5. The arrests for 970 Penal Law, (Common gambler - sell or offers to sell lottery policies or other such writings) 974 Penal Law, (Keeping a place for game of policy) and 975 Penal Law (Possession of policy slips) are noted and evaluated. Docket books list the name, age, and sex of persons arrested. It is alleged that many persons did not give their correct name or address when arrested.

Two entries in docket book that could have helped in developing patterns in identifying organized policy operations failed to do so. The first entry that could have been helpful was the one that identified the bonding company that posted bail for a defendant. This caption was left blank most of the time. It is a common practice for a policy banker to use the same bondsmen when posting bail for their worker when arrested. This information could have helped in developing information on the size of policy banks by determining (through bond bail arrangements) how many employees worked in the same location. The second entry that could

have helped in identifying individual policy organizations is the caption that list the defendant's attorney. This information was seldom furnished. Here again, policy bankers usually use the same attorney to represent their workers when arrested.

TABLE 4

POLICY ARREST IN 5TH DISTRICT MAGISTRATE COURT 1920-1930

	Jan	Feb	Mar/Apr	May	Jun/Jul	Aug	Sep/Oct	Nov	Dec	TOTAL
1920	TOTAL ARRESTS = 0									
B/M	0			*		*		0		0
B/F	0			0		0		0		0
W/M	0			0		0		0		0
W/F	0			0		0		0		0
1921	TOTAL ARRESTS = 0									
B/M	0			0		0		0		0
B/F	0			0		0		0		0
W/M	0			0		0		0		0
W/F	0			0		0		0		0
1922	TOTAL ARRESTS = 10									
B/M	0			0		0		10		10
B/F	0			0		0		0		0
W/M	0			0		0		8		8
W/F	0			0		0		0		0
1923	TOTAL ARRESTS = 90									
B/M	7			31		19		10		67
B/F	0			0		0		1		1
W/M	4			7		7		4		22
W/F	0			0		0		0		0
1924	TOTAL ARRESTS = 41									
B/M	6			13		15		2		36
B/F	0			0		1		0		1
W/M	1			0		2		1		4
W/F	0			0		0		0		0
1925	TOTAL ARRESTS = 17									
B/M	**			*		3		11		14
B/F	**			**		0		1		1
W/M	**			**		1		1		2
W/F	**			**		0		0		0

continued

	Jan	Feb	Mar/Apr	May	Jun/Jul	Aug	Sep/Oct	Nov	Dec.	TOTAL
1926	TOTAL ARRESTS = 54									
B/M	10			5		3		8		26
B/F	0			0		0		10		10
W/M	5			4		3		5		17
W/F	0			0		0		1		1
1927	TOTAL ARRESTS = 70									
B/M	13			5		5		4		27
B/F	1			1		3		0		5
W/M	8			7		11		7		33
W/F	1			3		1		0		5
1928	TOTAL ARRESTS = 39									
B/M	***			***		***		20		20
B/F	***			***		***		5		5
W/M	***			***		***		12		12
W/F	***			***		***		2		2
1929	Total Arrest = 508									
B/M	38			54		63		47		202
B/F	20			32		25		9		86
W/M	35			62		51		57		205
W/F	1			1		9		4		15

B/M = Black male; B/F = Black female; W/M = White male; W/F = White female.

5TH District Docket Books not located:

* May 1, 1920 to September 12, 1920. (6 months)

** November 14, 1924 to September 3, 1925. (9 months)

*** November 15, 1927 to October 24, 1928. (11 months)

TABLE 5

POLICY ARREST IN 12TH DISTRICT MAGISTRATE COURT 1920-1930

	Jan	Feb	Mar/Apr	May	Jun/Jul	Aug	Sep/Oct	Nov	Dec.	TOTAL
1920	TOTAL ARRESTS = 4									
B/M	1			1		0		1		3
B/F	0			0		0		0		0
W/M	1			0		0		0		1
W/F	0			0		0		0		0
1921	TOTAL ARRESTS = 63									
B/M	5			25		10		20		60
B/F	1			1		0		1		3

continued

	Jan	Feb	Mar/Apr	May	Jun/Jul	Aug	Sep/Oct	Nov	Dec.	TOTAL
W/M	0			0		0		0		0
W/F	0			0		0		0		0
1922	TOTAL ARRESTS = 128									
B/M	38			*15		*		*66		*119
B/F	1			*0		*		*7		*8
W/M	1			*0		*		*0		*1
W/F	0			*0		*		*0		*0
1923	TOTAL ARRESTS = 638									
B/M	109			147		122		187		565
B/F	4			8		6		5		23
W/M	10			10		12		16		48
W/F	0			2		0		0		2
1924	TOTAL ARRESTS = 301									
B/M	141		**119			**		**		**260
B/F	4		**7			**		**		**11
W/M	13		**13			**		**		**26
W/F	1		**3			**		**		**4
1925	TOTAL ARRESTS = 753									
B/M	**155		241			135		112		**643
B/F	**12		2			6		4		**24
W/M	**18		22			28		17		**85
W/F	**0		0			1		0		**1
1926	TOTAL ARRESTS = 839									
B/M	93		85			87		102		367
B/F	6		5			13		19		43
W/M	43		41			94		219		397
W/F	3		0			8		21		32
1927	TOTAL ARRESTS = 778									
B/M	111		153			89		141		494
B/F	8		52			32		43		135
W/M	64		46			13		19		142
W/F	1		4			1		1		7
1928	TOTAL ARRESTS = 686									
B/M	152		79			102		112		445
B/F	68		51			37		48		204
W/M	19		8			3		5		35
W/F	0		0			1		1		2
1929	TOTAL ARRESTS = 901									
B/M	139		237			171		119		666
B/F	48		50			39		40		177
W/M	5		37			11		5		58
W/F	0		0			0		0		0

* May 8, 1922 to November 13, 1922 missing. (6 months)

** June 16, 1924 to January 17, 1925 missing. (7 months)

B/M = Black male; B/F = Black female; W/M = White male; W/F = White female.

From 1920-1930, there were 829 policy arrests recorded in the 5th District Magistrates Court docket books. Nineteen twenty-nine alone accounted for 61 percent or 508 of the total amount of policy arrests recorded in the ten year period. In contrast, the 12th District Magistrates Court during the same period recorded 5,091 policy arrests.

This demonstrates that Harlem's policy racket was more rampant in the 12th District than in the 5th District. In a seven year period, 1920-1927, the 12th District recorded 3,504 policy arrest. (see Table 5) Thirteen months of missing arrest data are excluded from this total of 3,504 arrests. New York City in the same period reported a total of 7,465 policy arrests. (see Table 1) Even with 13 months of missing data not included in the calculations, 47 percent of the policy arrests made in New York City during the 1920 to 1927 period were made in the 12th District.

From 1920-1925, 1,887 arrests for violations of the policy laws were made in the 12th District. The ethnic divisions of the 1,887 arrest as recorded in the court's docket books showed that 1,711 were Black and 176 were White defendants -- or 90.7 percent of those arrested were Black, and 9.3 percent were White. This large racial discrepancy suggests that Blacks were the dominant group being arrested in Harlem's policy racket, and it also suggests that Whites

were not involved in large numbers as workers in the racket. This situation was to change in 1926.

In 1926, the 12th District Magistrates Court docket books recorded there were 429 Whites arrested for policy violations. In the same period, there were 410 Blacks arrested for policy violations. This is the only time more Whites were arrested than Blacks for policy violations during the ten year period from 1920-30. There was an inordinate amount of policy arrests of both White male and female defendants in the last six months of 1926 compared to other periods in the ten year examination. Perhaps the new laws governing policy violations, that became effective in July of 1926 by which policy violations formerly a felony were reduced to a misdemeanor, attracted Whites into the policy racket.

Also in their attempt to corner the policy racket White bankers enlisted Harlem shopkeepers as number collectors. White policy bankers also armed their runners with insignia that identified them to the police as "protected" collectors. The police, to counter this impression that they were protecting White policy collectors, may have increased their arrest activity amongst White policy violators. In addition, the publicity raised by a local newspaper that hush funds were being raised by White bankers to

subordinate the police, also could account for the increase of White arrests.⁵ What these data indicate are police tactics designed to create the impression that they were enforcing the gambling laws vigorously and impartially.

In 1920, there were seven arrests reported for violations of policy laws for New York City. In 1935 there were 13,692 arrests reported for policy violations in New York City. (see Table 1) As the game spread through the city the 12th District accounted for less of the entire city's total policy arrests. An approximate average of the percentage of policy arrests for the period 1920-1930 recorded in the 12th District was 37 percent of New York City's total for policy arrests. This average does not include thirteen months of missing 12th District data.

The 12th District Magistrates Court's docket books show that most of the policy arrests in the 1920s were made in the Precinct now known as the 32nd Precinct. The precinct is within the confines of census tract M8B. (See Appendix Five - map of Manhattan's census tract boundaries) There were other large Black communities in New York during the early 1920s, but this area's census tract housed the largest number of Blacks in New York City. A discussion of intra-

⁵New York Age (New York): 12. 26 June 1926; 7, 21 August 1926; 18 December 1926.

city migration's patterns may be found in Chapter 6. Table 6, shows the distribution of the Black population in New York City during the period of this study.

In 1920, Manhattan was the home of 71.6 percent of New York City's 152,467 Blacks and 64.2 percent, 69,042, of Manhattan's Blacks lived within the perimeters of census tract M8B. In 1920, the entire population of the census tract was 107,542 people of which 69,042 or 64.2 percent was Black.

In 1930, Manhattan was home to 224,670 Blacks, 45.1 percent or 101,257 Blacks lived within the census tract M8B area. (see table 6) The entire population of census tract M8B was 106,451 of which 95.1 percent, or 101,257 were Black. It was in this Black populated area in which both a Black renaissance and Clearing House policy numbers game flourished.

That 43.6 percent of New York's policy arrests were made in Harlem in the 12th District Magistrates Court in the five years between 1920-1924 indicates a concentration of policy activity in that area. Of those arrested during the 1920-24 period in the 12th District Magistrate Court, 93 percent were of Black defendants. Arrests for policy numbers did not exist before 1920, though large numbers of

Black lived in the area. One could speculate the reason there were no policy arrests before 1920 was that the Clearing House policy game did not exist.

TABLE 6

POPULATION DATA

	1910	1920	1930
United States Blacks	9,827,763	10,463,131	11,891,143
New York City	4,766,883	5,620,048	6,930,446
New York City Blacks	91,709	152,467	328,000
Manhattan	2,331,542	2,284,103	1,867,312
Manhattan's Blacks	60,534	109,133	224,670

PERCENTAGES OF BLACK POPULATION

	1910	1920	1930
United States	10.7 %	9.9 %	9.7 %
New York City	1.9 %	2.7 %	4.7 %
Manhattan	2.6 %	4.8 %	12 %

POPULATION BY M8B CENSUS TRACT

	1920	1930
M 8 B Tract Total	107,542	106,451
M 8 B Tract Black population	69,042	101,257
Percent of Blacks in tract M 8 B	64.2%	95.1%
Percent of Black population in tract M 8 B as compared to New York City's total Black population.	45.3%	30.9%

Source: Walter Laidlaw. Population of the City of New York 1980-1930. New York: Cities Census Committee 1932.

Population from New York City's Official Directory.

1920	5,620,048	1928	6,017,702
1921	5,730,500	1929	6,834,288
1922	5,839,738	1930	6,930,466
1923	5,927,617	1931	7,090,089
1924	6,015,496	1932	7,218,223
1925	6,251,817	1933	7,346,007
1926	6,361,664	1934	7,473,791
1927	5,970,920	1935	7,601,575

CHAPTER 5

LOTTERIES

5.1. Early American lotteries

America's earliest experience with lotteries dates from 1612 in the beleaguered settlement of Jamestown, Virginia (Sullivan 1972). From its start, both legal and illegal State and privately operated lotteries have been popular in America. These early America ventures were mostly private enterprises, and have usually produced the expected financial benefits for its operators. In the middle of the eighteenth century, early lotteries though popular and apparently honestly conducted, were for a short period suppressed throughout the American colonies. As a student of these early operations has noted, they were prohibited, "Principally for reasons similar to those given by the Rhode Island Legislature in 1733 -- that by these unlawful games, called Lotteries, many people have been led into a foolish expense of money" (Asbury 1938, 73).

By 1744 lotteries were revived in all the American colonies, they thrived as a substitute for the usual methods of public and private financing (Ezell 1960). Colonial America desperately needed roads, defenses, bridges, schools, and churches. The political and economic reality

of the period quickly changed the colonists' views of lottery as wasteful spending. Early American administrators began licensing lotteries rather than abolishing them because the people wanted them, believing the drawing could be kept honest and the moneys derived from it would reduce taxes (Ezell 1960, 29).

Citizens were even willing to go around the law, if need be, when a church or a school would benefit. Asbury reports that lottery playing is, "[T]he only method of gambling that ever won the approval of all classes in this country" (1932, 72). By the first quarter of the nineteenth century lotteries was an accepted feature of life in America. Interestingly, misuses and abuses attached to any phase of the lottery business was not reported during this period.

Detailed histories of lotteries are available in several scholarly works. No attempt will be made here to review its origins; this has been chronicled by students of the phenomenon back to ancient times (Asbury 1938; Ezell 1960; Sullivan 1972; Blakey 1979).¹ What is of particular interest in this study are the dissimilarities among lotteries, lottery policy, and numbers. Also, the supportive

¹Blakey's reports the abuses that led to the prohibition of privately administrated lotteries during the nineteenth century.

structure necessary for their operations will be briefly described.

Lottery, lottery policy, and numbers are all games of chance where random numbers are used to determine winners, but each game's winners are decided differently. The term lottery, lottery policy (also referred to as policy insurance) and numbers are commonly misused. The term "policy" is frequently used to describe all number games where random numbers are used to decide its winners. A clear understanding of how each game differs is essential if one is to understand the limits of expansion each game can endure and the structure necessary to support each enterprise's operation in a pre-modern society.

5.2. The organization of a lottery

Operating legal lotteries in the eighteen and early nineteenth centuries followed definite patterns. Usually a group of citizens would petition the state government for permission to set up a lottery to satisfy a need for a religious or social improvement program that could not be readily financed by voluntary contributions or taxes. The state legislature, unwilling to levy new taxes to finance such projects, would then authorize and establish rules for its operation. The rules set by the legislature authorizing the lottery would also set the number of awards and the

amounts the winning tickets would receive (Asbury 1938; Ezell 1960). Fifteen percent of the total sales was deducted for the benefit of the lottery. The remaining monies would be used to pay the winners. Illegally run lotteries followed the same format except they did not have state legislative sanction. The ventures that were not sanctioned by the legislature were usually endorsed by a local organization that had the support of its community.

A lottery started with a book with each page divided into three columns. The innermost column listed tickets numbered one to 13,350 (Ezell 1960). The cost was usually thirty shillings each, and when sold, the tickets in the outer column were cut out of the books signed by one of the managers, and handed to the purchaser. When all the chances in the outside column had been disposed of, the ones in the middle were clipped, rolled up, and put in a box marked "A." This container was then fastened with several seals by the managers. The tickets in the innermost column were left in the books as a backup should frauds or mistakes be suspected (Ezell 1960).

Lotteries were burdensome undertakings requiring exacting time consuming efforts. The prizes were determined when a second book containing two identical columns of 13,350 tickets each, where 4,821 numbers would be designated

as "fortunate," each had the prize it would bring printed across the face. The "fortunate" and remaining "blanks" were cut from the outside column and sealed in box "B." On the day of the drawing the lottery manager's were present at some public and convenient location where they had the two boxes opened. The tickets in each box were separately mixed in the presence of witnesses. Two separate and trusted citizens were selected and one would draw a number from box "A" and another person from box "B." Both slips were matched and if the "B" ticket indicated a prize, the number and the prize were recorded. The drawing continued until the billets were exhausted. The "fortunate" numbers and the amounts of each were published in the local newspaper.

The above pattern, with minor modifications, prevailed in all lotteries played in Colonial America. This procedure was time consuming and it generally took months to complete a drawing (Asbury 1938; Ezell 1960). Exact record keeping and a reliable management force were absolute prerequisites if an honest lottery was to be conducted. It is unlikely that in early Colonial America a corrupt lottery operation could have existed with public support given the strong religious attachments that society exhibited. There was no reported misuses attached to the lottery business in the first quarter of the nineteenth century.

Sometime during the 1820s a new way of operating lotteries using the ternary combination principle was introduced. Using this new method, winning numbers could be drawn in fifteen minutes. It was introduced to save time and put an end to policy insurance. It did not stop insurance playing; it merely changed the form of how lottery insurance was played. This new method prospered into the twentieth century. The system to figure out winners used numbers from 1 to 78 forming groups of three number combinations using the following procedure. Twelve numbers were drawn from the 78 numbers at one time. The ticket bearing the first three numbers drawn in order of their appearance won the capital prize, the fourth, fifth, and sixth numbers drawn won the second prize, and so on, until the tenth, eleventh, and twelfth numbers drawn won the fourth prize. A combination of the second, third, and fourth numbers received the fifth award and so on. Those tickets with two drawn numbers won smaller prizes, as did those with one number. As many as 30,000 prizes were offered in a single lottery. The remaining tickets that did not possess any of twelve drawn numbers, were blanks and did not receive a prize (Asbury 1938; Ezell 1962).

5.3. The introduction of lottery policy insurance numbers

Drake and Cayton (1945) report, "That the origin of the term policy is obscure, but at least as early as the

nineties (1890s) the term was applied to lottery games in which the gambler purchased a number ..." (1945, 470). Earlier reference to the term policy was made in New York State Courts records of 1878 in the matter of Wilkinson v. Gill. The Court also defined the term by stating, "That 'playing policy' was the purchase of an interest in a lottery ..." (Wilkinson v. Gill, 74 N.Y. 63, 1878).

Sullivan reports that this peculiar form of lottery policy, betting on individual numbers, was well known and in use as early as 1748 in this country (Sullivan 1972, 95). Asbury (1938) argues that the term policy started in the London's lottery shops in the first half of the eighteenth century when lottery ticket dealers as a sideline to their business sold insurance on numbers. The London shops to reach players who could not afford to buy a whole ticket or a share of a ticket, sold players an insurance policy on numbers of their choice. The player could wager as little as a penny on their choice of numbers. The sales slips given the players were called an insurance policy or a lottery policy. The clerks who recorded these bets, and the runners who drummed up trade on the outside, were called insurance solicitors (Asbury 1938, 89).

It attracted no particular attention until after the American Revolution. By 1800, although insurance policy

playing had not yet begun to reach down into the lowest stratum of American society and grabbed the pennies of the poor, it was a part of every drawing. During the latter half of the nineteenth century, many states outlawed their lotteries without making betting on other state lotteries illegal (Asbury 1938). Before development of the ternary combination system of lotteries, the physical act of drawing out the tickets consumed weeks and even months, depending on how many tickets were drawn each day. On each day of drawing only a certain portion of the "lots" was taken from the wheel. This allowed a person to bet that a particular number would be drawn the next day, according to a ratio of decreasing odds. Literally, the agent gambled one pound against one shilling, or a like amount, that the speculator could not name when a number would be drawn. In another variation, wagers were taken on whether a ticket would be an award or a blank.

Lottery policy (policy insurance) betting is usually credited as the most damaging feature of the system. It was the cause of most of the fraud and dishonesty in drawings, and it made enormous revenues for the operators in which neither the state nor the official recipients of legal lotteries shared. An investigation by the New York legislature in 1819 showed that in three days one New York City

lottery office made \$31,000 in insurance bets alone (Ezell 1968).

In the early nineteenth century lottery brokers, similar to modern day security underwriters, became vendors for the sale of tickets. These representatives would buy the tickets from a state "at a discount and marketed them at face value throughout the country" (Blakey 1968, 68). In New York by 1823, John B. Yates and Archibald McIntyre ran nearly all authorized lotteries (Sullivan, 1972). The dealers who administered the promotion of drawings often received additional commissions (Weiss, 1968). These vendors became so expert in all aspects of finance that they resembled the role of mercantile bankers. "The Chase National Bank and the First National Bank of New York City were founded by lottery brokers" (Blakey 1968, 68).

5.3.1. Types of lottery policy bets

The following terms were used to identify specific policy bet combinations used by players in the nineteenth century (Asbury 1932) and many terms are still in use where this type of lottery policy is still played. The odds showed below in Table 8 may vary with different houses.

Complex combinations of numbers were designed to give the player more chances to win. In reality these

exotic bets made more money for the operators of the game. The odds paid to the player varied with the type bet made. A description of some unusual ways of playing lottery policy numbers includes the terms: stovepipe, spider, bug, two-way bugs, five-way bugs, and even eight-way bugs (Carlson 1940, 20-21).

TABLE 7

Day Number -- Any number from 1 to 78 played to be one of the numbers drawn, and to appear anywhere on the winning list. The odds paid -- 5 to 1.

Station Number -- A number played to appear in a specified position on the list. The odds paid -- 60 to 1.

Saddle -- Two numbers to appear anywhere on the list. The odds paid -- 32 to 1.

Station Saddle -- Two numbers to appear at specified positions on the list. The odds paid -- 800 to 1.

Capital Saddle -- Two of the first three numbers drawn. The odds paid -- 500 to 1.

Gig -- Three numbers, to appear anywhere on the list. The odds paid -- 200 to 1.

Flat Gig -- Three numbers to appear at specified position. The odds paid -- 1,000 to 1.

Horse -- Four numbers to appear anywhere on the list. The odds paid -- 680 to 1.

Cross Play -- A bet on any of the combinations, the numbers to appear on either of two drawings. The same odds prevailed as on straight plays, but twenty per cent was deducted from all winnings.

All the lottery numbers drawn are made available to the lottery players not present at the drawing (Ezell 1960). A printed record of the drawing is prepared at the drawing by the lottery operators. This requires that a printing press be available to prepare printed copies of the drawing. The results of the drawing are then posted at location where the players could view them (Asbury 1938).

5.4. Corruption in operating lotteries

It is clear from the openness of the game, a public drawing, printed results, policy shops, that official corruption played a role in operating the game. A report issued by the New York State Special Committee of the Assembly, also known as the Mazet Committee, on January 15, 1900 stated, "The conduct of the present police department of the city of New York is unqualifiedly bad. . . . the laws against . . . policy shops, . . . not enforced, or enforced in such a way as to be ridiculously ineffective."²

The lottery shops operated their business in protected territories. Not only did these retailers receive a

². New York State Assembly. (1900) New York State Special Committee of the Assembly Appointed to Investigate the Public Offices and Department of the City of New York and of the Counties Therein Included. Final report and final report of the minority, transmitted to the Assembly January 15, 1900, pp. 19, 36. Assembly Documents, No. 26-27. Albany: James B. Lyon, State Printer.

commission from the sale of a legal or illegal ticket, they also profited from the policy insurance bets they collected. (e.g., Kentucky and Louisiana Lottery were state authorized) By 1895, interstate transportation or use of the mail for lottery paraphernalia was prohibited by Congress. This brought an end to the sale of out-of-state lotteries in New York (Blakey 1979). Local lottery shop operators abandoned their dependence on out-of-state lotteries and began to conduct their own illegal lottery.

5.5. Albert Adams lottery king

The New York Herald³ portrayed Albert Adams as one of city's major lottery operator. The report discloses: "Policy Statistics of New York City: Policy shops in Manhattan -- from 400 to 800. Policy players in greater New York -- 1,000,000. Percentage of winnings as against losses -- 1 in 5,000..." The article alleges that, "The city is divided into districts which are leased out by policy kings." The allegation of "protected districts" was supported by Michael J. Green in his testimony before the Mazet Committee.⁴ Green is a former policy shop operator for Al Adams.

³. New York Herald March 4, 1900, Second Section p.3.

⁴. Investigation of Public Offices Departments City of New York. Vol. 1V, p. 4753.

New York city's population in 1900 is estimated to be 3,437,000⁵ and 1,000,000 are alleged to be playing policy. That would suggest that about one third of New York's residents were playing policy. The New York Herald's report "How city's poor are robbed by policy swindle" goes on to describe how Albert J. Adams, a boss in the policy rackets, not only in New York but throughout the United States, conducted his policy business:

At the office, in West Thirtieth Street, near Broadway, which he shares with a real estate firm, he is said to map out his plans for the carrying on of the games. There he also receives reports from his lieutenants, it is said, to whom, in turn, the 'backers' of the game in the thirty policy districts into which the city is divided make their reports, 'Protection' is arranged for, and if any employee of the policy shops get into trouble, lawyers, who are constantly retained by the policy chiefs, are ready to do whatever may be necessary to extricate them from the clutches of the law.

Policy is a form of lottery, in which only the numbers 1 to 78 are drawn. It is alleged by the policy men that the actual drawing of the winning numbers takes place twice each weekday in Frankfort and Louisville, Ky. This story, as well as the added statement that the winning numbers are taken from a wheel by a child who has previously been blindfolded, is circulated and implicitly believed by the policy dupes. As a matter of fact, the winning numbers are selected each day by the policy kings in New York City. The combinations played daily are recorded sufficiently in advance of the alleged drawings to enable those in charge of the swindle to select as winning numbers only those on which the least money has been placed, thus reducing the amount to be expended in the payment of winnings and increasing the amount of losses to be suffered by the players.

⁵. Glazer, & Moynihan, 1963. The Black's in New York City in 1900 is estimated to be 61,000, about two percent of the cities population.

The policy managers having selected the combinations that are to win at each alleged drawing, these numbers are telegraphed in cipher to Frankfort and Louisville, From there they are sent to Cincinnati, Ohio, the Western headquarters of the policy king's combination. By use of a different cipher the same numbers are telegraphed without delay to Jersey City and from there again telegraphed to New York. Here they are sent to certain printing offices in the employ of the policy men, and the printed slips bearing the winning numbers are later distributed by rapid messengers to the hundreds of policy shops throughout the city. . .

There are two 'drawings,' as they are called, each day. One is known as the morning drawing, which takes place ostensibly in Frankfort, Ky., and for which no money or selection of combinations of figures is accepted after twelve o'clock, noon. Then there is the afternoon drawing, which is said to be made in Louisville, where the entry of combinations closes at five o'clock. The winning combinations for the morning drawings are posted in the different policy shops shortly after two o'clock in the afternoon and the afternoon drawings at seven o'clock in the evening. In the morning drawing thirteen numbers are said to be drawn out of a wheel containing the entire seventy-eight numbers. These thirteen numbers are placed in a column, one beneath the other, and may be any of the numbers up to seventy-eight. The columns are printed on slips and are distributed to the various policy shops throughout the city as fast as elevated railroad trains and surface cars can carry the runners, as they are termed, who scatter to all parts of the city immediately upon receiving the slips from some trusted employee of the policy chiefs, who has taken the winning numbers from the Western Union telegraph office in Dey Street to a printing office in Greenwich Street, near Cortlandt Street.⁶

5.6. Lottery Laws change

Gosnell (1935) reports that lottery was so prevalent in New York City around the turn of the century

⁶New York Herald (New York), 4 March 1900, p.3.

that an anti-policy law was passed by the state in 1901. Researchers writing about policy in New York State prior to 1926, the year the New York State Legislators clarify the difference between policy numbers decided by a lottery drawing and those by Clearing House bank totals, fail to identify which policy numbers they are referring to.⁷ Clearing House numbers surface in New York about 1920. A detailed discussion explaining the difference between lottery policy numbers and Clearing House policy numbers (the forerunner to the parimutuel race track numbers that surfaced in the early 1930s) will be addressed in this research.

Section 324 of the New York State Penal Code of 1895 declared that lotteries to be unlawful and a public nuisance. In New York State before September 1, 1901 anyone who contrives, proposes or draws a lottery, or assist in the same commits a felony (Sections 325, New York State Statutes, Penal Code 1895). All other aspect of operating a lottery -- e.g., selling lottery tickets, advertising lotteries, offering property for disposal dependent upon the drawing of any lottery, keeping office, etc., for registry, insuring lottery tickets, etc., were classified as

⁷. The New York Age, 17, 24 July 1926, details why persons arrested for playing Clearing House "policy numbers" before July 1926 were not violating the States Penal Laws covering "policy numbers" playing. The original gambling law was drafted to cover only "lottery policy" numbers.

misdemeanors (Sections 326-330, New York State Statutes, Penal Law 1895).

After September 1, 1901 the New York State Legislator added, Section 344a -- Keeping a place for playing policy, etc., Section 344b -- Possessing policy slips, etc., Section 344c -- Removing person occupying premises used for playing policy, to the New York Penal Code Statutes. The penalties for violations of the gambling laws referring to policy were increased to the felony class. The New York State Penal code is clear in its language in 1900 when referring to the term lottery policies or policy numbers in that the number is dependent upon a drawing (Section 334a Penal Code, State of New York, 1904). The law in New York State after September 1, 1901 made the possession of a slip bearing lottery policy numbers a crime. In 1926 the New York State Legislator amended the Penal Code to include the word "selected" in Policy violations. The new law stated that persons other than a public officer possessing numbers drawn (as in a lottery) or selected (as in Clearing House numbers) and used in a policy operation was illegal.

In the years 1911 to 1913 in New York City's Police Commissioner's Annual Report to the Mayor⁸, the report

⁸. The Police Commissioners Annual Reports are held in the City of New York Municipal Reference and Research Center, 31 Chambers Street, New York. The reports start in the 1890s.

consolidates a three year period, and for the first time published the arrest statistics for New York City. New York City's Police Commissioner started to issue annual reports regularly since 1885. It wasn't until 1913, that a statistical analysis of all arrests made in New York City, were included in the Police Commissioner's Annual Report. The 1911-1913 Police Commissioners' report shows 47 lottery arrests and 34 policy arrests a total of 81 for the three year period. This averaged 21 arrests a year for the three year period for lottery and policy offenses. Given the large amount of alleged policy shops reported in operation by the print media, apparently there was little law enforcement in the category of illegal gambling in New York City during this period.

5.7. Clearing House totals used in "numbers game"

The outline of how lotteries were conducted before 1920, is helpful in understanding the phenomena the Clearing House numbers game brought to the Harlem community. Clearing House bank totals were use to create numbers from 000 to 999. These numbers are also called policy numbers. The difference between lottery policy numbers and Clearing House policy numbers are that the former are determined from a drawing and the latter determined by selecting certain numbers from the Clearing House bank totals. The Clearing

House bank totals are published in New York's daily newspapers.

This difference between lottery policy numbers (12 numbers drawn from a pool of 78 numbers) and Clearing House totals numbers (a random three digit number selected from the New York Clearing House totals) changed the policy racket in Harlem. The Clearing House policy numbers became a vehicle for economic growth for many of Harlem's Black policy operators during the 1920-1930 era, also known as the Harlem Renaissance. The differences in how the game was administered and how the winning numbers were determined sparked the growth of the numbers business in Harlem. In lottery policy numbers an organization was necessary to figure out the winning numbers and then send out that information to the players. Clearing House policy numbers totals were published in daily newspapers where anyone could figure out the winning number. This difference made it possible for individual entrepreneurial Blacks to get into the numbers game in Harlem in the 1920-1930 era.

Clearing House policy numbers were formulated from the Clearing House Bank totals that were published in New York's daily newspapers' financial section. The method for determining the winning number was easy and was not under the control of the policy number operators. For example,

the Clearing House totals on a given day might include the following entries: Exchanges, \$831 million; balances, \$92 million; Federal Reserve Bank's credit balances, \$75 million. To formulate the winning number from these totals the following procedure was followed: using the last two figures from the million columns of the exchange's total (831,000,000) a "31" and the third digit from the same column of the balances' total (92,000,000) a "2" and combining them to form 312. The winning three digit numbers paid 600 to 1. The bolita numbers were formulated by using the first two or the last two digits of 312, forming 31 or 12. Winning a bolita paid 80 to 1.

In the early days of the Clearing House policy number game there is no evidence that the game needed more than a runner or collectors who picked up numbers from players and a banker to finance the operation, to operate a policy bank. The research suggests that early bankers were collectors who banked their own work. Bankers anxious to expand their operation would take on more collectors. Once the operation expanded to a point where the amount of numbers collected required an office staff to sort out the numbers to find the winners, the banker was considered a "big bank." Collectors received 20 percent of their collection and another 10 percent of the winnings from winning players. A local Harlem newspaper reported that about 30

policy banks existed in Harlem and that they engaged 20 to 30 collectors each! In June of 1924, a Cuban name Marcellina Cardena was alleged to be the biggest Clearing House numbers banker in Harlem. He is reported to employ more than one hundred number runners.¹⁰

Winthrop D. Lane's (1925) commentary on life in Harlem in the mid-1920s, portrays a Black woman returning home after a day's work and her interest in playing numbers. He suggests his illustration is indicative of the poor people of Harlem:

An unkept woman, with hair graying, shoulders rounded and eyes rimmed with thick glasses, reads a newspaper on a subway car in New York City. She is colored. Her skirt is in rags, one toe shows through a shoe, an elbow pushes the lining of her sleeve into sight; perhaps she has just left her mop and pail in some downtown office building. Turning the pages hastily, she seems to be hunting for a particular place. At last she stops. Her forefinger runs up and down the columns. She is looking at the financial page. Finding an item, she gazes closely at it for a moment, and then throws the paper onto the seat beside her. She has a dejected look. Apparently she is through with the paper.

She has been looking for the numbers. The numbers she wanted were the day's totals of bank exchanges and bank balances -- announced each day by the Clearing House and published by the newspapers. On these she has been gambling. . . It is the bright spot for her.

. . . All Harlem is ablaze with 'the numbers.' People play it everywhere, in tenements, on street corners, in the backs of shops. Bankers organize

⁹ New York Age (New York): 5 May 1924.

¹⁰New York Age (New York): 7 June 1924.

it, promote it, encourage it. They send their runners into flats and stores. You give the runner the money you are betting, write your number on a slip of paper, and wait. If the number you chose is the one that wins next day, you get your money. Runners round up new business, stake off territory and canvass all the people they can reach. A person living in an apartment house may be the agent for the house. The names of these bankers are known in the neighborhood. One rides around in a \$12,000 limousine and has a liveried chauffeur. Minor bankers abound; men and women, getting \$200 capital, start in the numbers business. Recently, it is said, white men have been trying to wrest the control of the game from blacks; a Jew who formerly used his talents in the hooch business is spoken of as the leader in this effort (Lane 1925, 692-3).

5.8. Origins of Clearing House numbers

How and when the Clearing House numbers first came into use in policy has not been clearly documented. The early history of the origins of the use of Clearing House numbers in Harlem is blurry. Claude McKay (1940) reports that, "[T]he early history of the founding and growth of the numbers industry in Harlem is unknown . . . It has a Mediterranean background . . ." (McKay 1940, 107).

5.8.1. McKay on the origin of Clearing House numbers

The origin of the numbers game in Harlem develops when the Blacks who located in Harlem during the period 1910-1920 were joined by Puerto Ricans and Cuban barbers who set up their shops in the Black areas. The numbers game McKay (1940) reports started in these Spanish barber shops. These Spanish barbers had a large Black patronage, chiefly

Blacks from British West Indies, many who had worked in Cuba and Central and South America before coming to the United States and were familiar with Latin-American customs. He credits these Blacks in tagging the name "numbers" to the game. Originally the pastime was known as bolita or paquerita, so named by the Spanish barbers. It was the West Indians participation in the game that popularized the diversion (McKay 1940, 107).

Claude McKay's (1940) account of how the Clearing House number game started is as follows:

It was introduced to Harlem by a Spaniard from Cataluna, who was nicknamed Catalan by the Spanish speaking Harlemites. Catalan devised his system of playing the numbers from the financial figures of the Stock Exchange. Familiar as he must have been with the method of the Spanish lottery, this could not have been a difficult job. The playing number was deduced from the totals of domestic and foreign sales . . . As the financial figures printed in the newspapers are exact, there could be no trickery. The numbers game has gripped all of Harlem precisely because there is no obvious trickery in it. It is an open, simple and inexpensive game of chance (McKay 1940, 107).

5.8.2. New York Age on the origin Clearing House numbers

The New York Age a Harlem weekly newspaper, with a large circulation amongst the Black residents of Harlem, attacked in headlines the unlawful activities in the Harlem community. They published weekly during the 1920s a list of over 100 "Hooch Joints" locations where illegal alcohol was being sold. These locations were made known to the agencies

of social control to have these illegal activities stopped. The newspaper was also vocal about numbers playing in Harlem. The newspaper published, in 1924, their account of the start of the Clearing House numbers game in Harlem. It is as follows:

Data recently received by The New York Age indicates that the Clearing House numbers' game in its present form is a modification of the New England Clearing House Lottery, which was operating three or four years ago, with the Boston Globe financial reports given as the official and final basis of settling. Promoters of this lottery sent out cards giving examples of how prizes were to be paid and two sets were given one for Boston Clearing House reports and another for New York. On the reverse side, these cards stated that -- THIS NEW GAME is driving them all out. Being played in Massachusetts, Rhode Island, Connecticut, New Hampshire, Maine and New York. Playing over a year now.

And the data at hand extends back to 1920, indicating the Clearing House numbers gambling has been going on for at least five years. In the New England game a series of tickets is issued, numbered serially, offering 420 daily and 1,620 weekly prizes. Tickets are 50 cents each. The New York bankers let the player pick any number or set of numbers they want to and any sum can be played on a number from one cent up¹¹

Then in January 1925 The New York Age reported a second story on how Clearing House numbers was introduced in the New York area. This interpretation of the historical origins of the game differs from their first report of July 1924, and is as follows:

¹¹The New York Age 5 July 1924, 1-2.

According to well authenticated information the game in its original form was played with numbered balls and was brought here direct from Cuba and other Spanish speaking countries after the laws of the United States had outlawed the old Louisiana lottery. It was known then as Bolita. Through fear of the law, however, the Spanish and Cuban use cautions. Outsiders were not given a chance to get into the game. Hundreds of these men were employed as cigar makers and in other capacities in the large tobacco factories and warehouses located here, and on Monday and Saturday they would be given a chance to indulge the gaming fever. Small balls the size of a child's marble, numbered in sequence from 1 to 100 were place in a bag by the banker, and chances were sold at \$1. An outsider, usually a small child of or an unsuspecting girl from the office staff, would be called in to draw a numbered ball from the bag, and the holder of that number would win the prize. At first, the banker only retained 10 per cent, the prize being \$90 but later, the banker's percentage was increased to 20 per cent, thus reducing the prize to \$80.

Even this game, fair as it looks was subject to manipulation. For it was possible, when desired by the banker to work in an instructed confederate as the drawer of the balls and a skillful palming of a duplicate ball bearing a particularly wanted number meant the winning of the prize by the banker himself or a confederate.

Later the game took a different shape and manner of operation. A series of cards were issued, numbered consecutively, and these numbered cards were sold at 25 cents each. The winning card was the one bearing whatever number was contained in the thousand column of the sales of stocks and bonds as reported in the New York Sun, at that time a morning newspaper. If the card bore the two final digits, it was a bolita and paid \$2 or 8 to 1. But if the three digits were identical, then the prize was \$25, on the basis of 100 to 1.

Cheating developed in this phase of the game when it was discovered that interested parties had succeeded in bribing persons who handled the reports to make certain advised changes in the numbers before the report were printed. This brought another change to the present method, which is based on the reports made daily by the Clearing House showing exchanges and balances.

The first banker to operate according to information received was a Cuban Carmalita who monopolized the game. He gained a large fortune through the game and retired some years ago going to Spain to live. He visited the United States about two years ago and was asked by some of his friends if he intended to resume his activities in the game. His reply, in Spanish idiom perhaps best not reproduced here was to the effect: 'No, no, when I played the game that virgin was a lady. Now she has become a wanton.' Catalina was here to buy some automobiles, and when he had concluded that transaction, he returned to sunny Spain, where he basks in the soft sun, living off the fruits of his gains from fellow but foolish compatriots.

Present day operators following Catalina's footsteps are not having the monopoly he had. Marcellina is the most conspicuous of the present day Spanish speaking gentry operating as banker, and is one of the most prosperous. Another banker, Diamond, raided by police a few weeks ago, were found to be operating systematically, apply modern business principles to his methods. Latest model tabulating machines, expert stenographer, typewriter, etc., made up his office equipment.¹²

5.8.3. Redding on the origin Clearing House numbers

J.S. Redding (1934) reports another version of how the numbers game is alleged to have started in the Harlem community. He credits Casper Holstein as its author of selecting the winning numbers from Clearing House totals.

Redding reports:

No one seems to know exactly, where or with whom the numbers game originated, but the most authentic tradition has it that it began with a West Indian Negro -- one Holstein, who combined the prosaic traits of a financier with the dizzy imaginative flights of a fingerless Midas. Though, the story goes, before his rise to affluence he seldom had one

¹²The New York Age (New York): 10 January 1925, Diamond's arrest reported. 31 January 1925, 1-2, source of quote.

dime to rub against the other, he studied the financial press with feverish interest. Arriving in New York just before the old policy game was wiped out, he learned one regarding lesson -- that everybody everywhere desired to get rich quickly, and that this desire could be cashed in on. When he rose to wealth and position -- contributing to Negro education, donating annually a substantial literary prize, and taking hundreds of the poorer Negro children up the Hudson each summer -- he condemned the desires which his skillful manipulations had made a source of vast wealth for himself. But earlier he had not been so mellow a philosopher, so kind -- hearted a benefactor. He had been a Fifth Avenue store porter with an eye for the stock market reports and the shrewdness of a racetrack tout.

Came the day when, studying clearing house totals, an idea struck Holstein between the eyes. Tradition has it that sitting in his airless janitor's closet, surrounded by brooms and mops, he let out an uproarious laugh and in general acted like a drunken man. That night when the pavement had been swept and the last clerk had gone, he sat in the basement until dawn studying the clearing house totals in the papers he had saved religiously. He had them for a year back. The thought that the figures differed each day played in his mind like a wasp in an empty room. It did not immediately occur to him how he was to use this information, so for six months he thought it over, meantime stacking the dollars he could pinch from his porter's wages. At last he devised the simple scheme of selecting three digits, two from the first and one from the second total by an unvarying rule, and having bets placed upon guessing the number. Thus, if the clearing house totals appeared 8,356,201 and 6,497,000 the winning number would be 567. He offered odds of 600 to 1.

In a year he owned three of the finest apartment buildings in Harlem, a fleet of expensive cars, a home on Long Island and several thousand acres of farmland in Virginia (Redding 1934, 533-4).

Casper Holstein was considered by many to have been Harlem's policy king during the 1920s. Carl Van Vechten (1926) depicts life in Harlem during the early 1920s in a

book titled, "Nigger Heaven." A character in this book, Randolph Pettijohn, the Bolita King, is Van Vechten's fictional characterization of Casper Holstein. In real life Holstein was the owner of a popular club in Harlem, the Turf Club, at 111 West 136th street. He was known to have large real estate holdings, and maintained a fleet of luxury automobiles for his personal use. These possessions came from the money he is alleged to have accumulated in the numbers racket. On September 23, 1928 Holstein was allegedly kidnapped by White gangsters. This event was reported in the media at the time and received much notoriety.

5.9. Italian lottery

In the late nineteenth century in Manhattan's upper East Side beyond Yorkville and centered on 115th street between First and Pleasant avenues another Little Italy district in New York City was established. This area is also known as East Harlem. Though Harlem's Black community bordered the Little Italy area during the period of this research and Blacks may have played the Italian Lottery, they were no way involved in its operations as workers or bankers.

Italian lottery or Italian Province policy that is based upon numbers drawn in the eight cities in Italy dates back several centuries to the year 1550. These cities are:

Naples, Bari, Florence, Milan, Palermo, Rome, Turin, and Venice. The range of numbers in Italian Lottery is from 1 to 90 with five numbers being drawn weekly. Since there are eight independent drawings, the results will be eight sets of five digit numbers.

The Italian lottery in the 1920s was essentially in the same form as it was in 1860 when it was brought under the control of the national state in Italy as the "Regio Lotto." This study will not review the origins of Italian Lottery or give an account of how the game is played. An inclusive history of Italian Lottery and how the game is played is described by Carlson (1940). Also, the names given to the type of plays and the odds paid on various bet combinations is detailed in Carlson's study.

The Italian Lottery in New York City was allegedly controlled by Italians and its clientele were mostly from the city's Italian population. During the 1920-1930 era the Italian Lottery was allegedly a monopoly of the Unione Siciliana (Carlson 1940; Turkus and Feder 1951) which was an informal confederation of local groups of Sicilian-Americans involved in extortion and protection in the Little Italies in the ghettos of America's urban centers (Ianni 1972). "Lucky Luciano" was the alleged leader of the Unione

Siciliana in the twenties and thirties (Gosch and Hammer 1974, 146-7).

The New York Times (1922) reports: "BUSINESS THAT RESULTED IN 40 MURDERS SINCE 1916 DISRUPTED, DETECTIVE ASSERTS." According to Detective Sergeant Michael Fiaschetti, head of the Italian Squad of the New York City Police Department, that the local Italian lottery business which is said to have resulted in forty murders since 1916 has finally been broken up.

Sixteen men, Fiaschetti said, had been arrested and convicted for murders which resulted from lotteries. He said that each of the murders was committed by Italians who sought to gain control of the extremely lucrative form of crookedness. He pointed to the murder of Vincenzo Carlucci and his son, five years ago in Harlem. Carlucci was known as the 'Mayor' of Harlem's 'Little Italy' and Fiaschetti said had accumulated \$400,000 or more through the lottery system. He was seated in a coffee house in 113th Street at 3 o'clock one morning with his son when a man entered and shot them both. The purpose of the slayer, the police said, was to become the master of the game in this country.

In 1918 there was a quarrel among Italians of Harlem, who congregate by day in the Mulberry Street region and in settlements in Brooklyn, over the control of the policy business. The disputants settled things themselves after several months of warfare. When it was all over twenty-three murders had been committed, most of them by unseen hands, and the policy game temporarily was wiped out.

. . . These poor people buy the lottery tickets, which are printed here by some Italian who conducts a print shop. Fiaschetti said yesterday, but they do not have a chance. They are told, of course, the game is the same one which the Italian Government protects in the old country: the tickets are similar, and outwardly the operation is the same. But the swindlers here have agents in Italy who cable

over the correct numbers, and it is an easy matter to juggle money paid here to the ignorant.

No one is permitted to win except the occasional 'come on' who is allowed to gain sudden wealth, \$100 or so, in order to stimulate the play among his friends.¹³

¹³New York Times 13 January 1922, 11:1.

CHAPTER 6

HARLEM THE BLACK CAPITAL OF AMERICA

6.1. Harlem Renaissance

In the 1920-1930 period Harlem became renowned as "the recognized Negro capital" of America (Johnson 1930, 3). Black residents of Harlem for the first time in their American history were able to develop a viable society that for the most part was under their control.

In 1920 Harlem's Black population was more diversified ethnically and housed the entire spectrum of social classes present in New York's Black community from unskilled southern and West Indian migrants to the professional elite. Authors refer to the 1920s, as the "Harlem Renaissance" (Lewis 1982; Anderson 1982; Johnson 1930). Webster's New Collegiate dictionary defines renaissance as: "any period similarly characterized by vigorous activity along literary, artistic, or other lines." Six major poets - James Weldon Johnson, Langston Hughes, Sterling Brown, Claude McKay, Jean Toomer, and Countee Cullen surfaced during the Renaissance. Harlem's fame as the capital of the world rested on the "Renaissance" in literature and the arts occurring throughout the 1920s. For Black intellectuals, Harlem was a cultural magnet drawing people from all sections of the

world. World War 1, shook the nation violently and sharply altered racial demographics. The mass movement of Blacks from the rural South to the nation's largest urban areas began and "the Harlem Renaissance" of the 1920s signaled a new era of American race relations, an era in which the sophisticated and militant Blacks of the cities began to replace the backward and subservient Blacks of the open country. A brief history of American thinking about Blacks deserves a mention to place this work in perspective. American racial views about Blacks were initially shaped by slavery. The "peculiar institution," slavery, posed a serious dilemma for early America. How could slave-holders treat human beings as mere possessions and uphold the high-minded American ideal of human equality? One solution was that slavery was a positive good. Many Americans never did rest easily with this blatant incongruity. To justify the conflict that slavery was a "positive good," the pro-slavery group used the following arguments that: religious, cultural, and racial explanations vindicated their position.

6.2. Blacks are stigmatized by slavery

The first notion that slavery was justified as a religiously ordained system, used the rationale that it is an effective method to Christianize and civilize African heathens. More enduring were the biblical defenses of

slavery that most pro-slavery spokespersons employed. The literal interpretations of the Old Testament according to their reading proved that the institution of slavery had Christian sanction. The Reverend Samuel Seabury in 1861 defines a slave "to be a person who is related to society through another person, called a master, to whom he owes reasonable service for life, and from whom he is entitled to receive support and protection" (Seabury 1861, 280-1). In his defense for slavery Seabury reports, "Slavery is no more forbidden by Scripture than by the Constitution, but is permitted by both" (Seabury 1861). In fact, whole selections of Old Testament arguments assembled in the justification of slavery are still heard today among rabid anti-integrationist as a defense for social separatism.

The second notion, where slavery is rationalized as a cultural need, fosters an argument that the system nurtured a superior culture, the southern gentry. Great scholars, great writers, great statesmen were made possible when an institution such as slavery gave the gentry wealth and leisure to cultivate their talents. Southerners argued that the South was following the examples set by the slave-holding societies of ancient Greece and Rome. Slave-holders argued that the factory workers in the North and in England were mere "wage slaves," and asked, how could the critics of the South deny that their laborers suffered from miserable

living and working condition without the "security" provided by chattel slavery? Finally, there is the racial debate clothed in a defense of "science" as a facade to dignify its reasoning.

The racial approach, used as a defense for slavery, relied upon the theory of "natural law." Blacks were slaves, so the logic would have you believe, because they included a separate, inferior species. Blacks' lowly rank was merely a reflection of the natural affinity for servility. The basic principle of this theory was that the various races had different origins, for a common origin was assumed to mean equal attributes for all races. Yet two features of this early "scientific" doctrine kept it from gaining critical relevance in the slavery debate. First, the more technical features of the theory were too complex to be widely read and understood. The second doctrine flew in the face of the South's most cherished religious conviction, that all men arose from a common Adam-and-Eve beginning.

In 1859 Charles Darwin, On the Origin of Species arrived at the same conclusion as the Church, that a common origin of man existed. Darwin's work helped debunk some opposition to the question of slave origin. My chief interest in this historical backwater is that it marks the

national beginning of a formal, articulate doctrine of White superiority proposed by nineteenth century theorists such as Herbert Spencer and William G. Sumner (Hofstadter 1944):
 The idea of Black inferiority doubtlessly emboldened Whites to take away even their criminal enterprises from them. How could social pariahs and inferiors resist people with superior skill and cunning? Also, the invidious destructions and social divisions in the society insured that Blacks could not muster enough political and economic resources against White intrusion into their community.

6.3. Blacks move to Harlem

New York City's Black population had continually moved northward for the past one hundred years as the sections they inhabited became suitable areas for business expansion or as European immigrant settlements forced Blacks to seek other housing in other sections of the city. Before 1860, the Black settlement was limited to lower Manhattan

'Aspects of their doctrines are still with us today. As for this study, ideas of "race" and Black "racial" inferiority with few exceptions were shared by most of the racial studies in psychology that supported racist theories of White superiority. Empirically inadequate and theoretically naive, the racial literature of the decade was characterized by intelligence-test studies of White and Black Americans that uncritically interpreted the usually higher white I.Q. means as evidence of inherent intellectual differences between the races. Understanding the phenomenon of intelligence testing was more clearly understood when the important and influential landmark investigation by Otto Klineberg (1935) Negro Intelligence and Selective Migration show the critical significance of environmental factors in shaping and altering human behavior.

with about two-thirds of the Black population in 1800 living in an area bounded on the north by Canal Street and on the south by Cedar Street. By 1840, the center of the Black population shifted uptown to the infamous squalor of the Five Points district, located in the area of the present City Hall. Within two decades, the Five Points district was overwhelmingly Irish, and most New York Blacks were living in the southern portion of Greenwich Village. At the turn of the century less than 2,000 remained in the Village that had by then become predominantly Italian. The Black population moved up the West Side and from the 1870s through the 1890s to the Tenderloin District, extending from the West Twenties to the West Fifties, and the San Juan Hill neighborhood of the west Sixties.

In 1900, through the efforts of Black real estate agencies and the increased apartment vacancies stemming from an inflated housing boom, the Black migration to Harlem increased tremendously. In 1920, 70 per cent of the Black population living in Manhattan lived between the boundaries of 118th and 144th street, from the Harlem to the Hudson Rivers (Osofsky 1968, 81-123; Scheiner 1965, 15-19). Table 7 in Chapter 4, section 4.13. shows the total Black population in the United States from 1910-1930 and the distribution of Black in New York City for 1920-1930.

The most significant reason underlying the creation of Harlem as a Black community was the considerable increase of Black population in New York City during the period between 1890 to 1914. This combined with a desire to improve living conditions and the need to escape the overcrowded and vice-ridden Tenderloin district beset by fears of renewed violence against Blacks by Whites. The infamous Tenderloin Riots of 1900 increased Black eagerness to leave the area. Blacks moved north toward Harlem to neighborhoods that were not racially defiant by their increasing numbers. The area between Harlem and the Tenderloin was known as "San Juan Hill." It was located in the west Sixties and attracted many Blacks. San Juan Hill received its label after the Spanish-American War as a takeoff on the neighborhood interracial battles that took place on the steep upgrade leading to Sixtieth Street. After World War 1 residents of the area rejected the San Juan Hill label and called it Columbus Hill.

Although the Tenderloin district continued to attract many Blacks, it encountered rivalry from the San Juan Hill and the Harlem quarters. From 1900 to 1910 the San Juan Hill section's Black population grew so rapidly that for a period it became the largest Black community in Manhattan. Still Blacks continued to crowd into the Tenderloin district, especially southern and West Indian

newcomers; their rate could not compare to the fast Black growth rate of San Juan Hill area.

When the San Juan Hill section surfaced as the leading Black district in the city, Harlem showed signs of becoming the future home of Manhattan Blacks and "the recognized Negro capital" in America. Harlem provided some of the best housing facilities available for Manhattan's Blacks. "In fact, Harlem offered the coloured people the first chance in their entire history in New York to live in modern apartment houses" (Johnson 1930, 147). Johnson ignores that many tenement houses also new-law building apartments were cut into smaller apartments to increase profits by expanding the number of Black tenant housing.

To describe Harlem merely in terms of its middle class inhabitants and their neighborhoods like "Strivers Row" or "Sugar Hill" is to distort the class and occupational realities also the conditions under which most Harlemites lived. Manhattan in 1925 had a Black population density of 336 per acre and a White population density of 223 per acre (Woofter 1928, 79). Although Harlem contained its share of poor housing, many authors agree that it was the "home of the best-housed Negroes in the world" (Schiener 1965, 35). By 1920 the movement of Blacks in New York City was either

to Harlem in Manhattan, or to the Bedford Stuyvesant section in Brooklyn.

6.4. The advent of the subway system

From 1902 to 1905 real estate speculative fever seized New York City with the coming of the subway. Real estate frenzy permeated the air and speculators seized on the opportunity to make money invested in property accessible to the subway system right of way. They guessed that the subway system would increase land values. In 1904, the year that the Lenox Avenue line opened at 145th street, practically all the vacant land in Harlem was built over. The Equitable and Metropolitan Life insurance companies invested heavily in Harlem. "The existing speculation in flats and tenements surpasses anything of kind which has previously taken place in the real estate history of the city" (Osofsky 1971, 78).

Harlem became the distinctive center of Negro settlement with the result that some sections of the city were destined to become a Negro ghetto. The pre-World War 1 population movement, the advance guard of the Great Migration, as the movement of Blacks during the First World War is commonly called, laid the foundations for present-day Black communities in Chicago and Philadelphia; these

were the developmental years for Black communities throughout the North and mainly in the Harlem area (Osofsky 1971).

6.5. Black realtors attract Blacks to Harlem

In the beginning of the First World War a few White groups, such as the City and Suburban Homes Company built decent homes for Blacks in Harlem; though the major burden of providing housing in Harlem was carried by Black groups. The outstanding Black realty firm during this period was the Afro-American Realty Company. The company's real estate agent, the leading Black realtor in the city, was Philip A Payton, Jr. Johnson (1930) reports:

When Negro New Yorkers evaluate their benefactors in their race, they must find that not many have done more than Phil Payton; for much of what has made Harlem the intellectual and artistic capital of the Negro world is in good part due to this fundamental advantage; Harlem has provided New York Negroes with better, cleaner, more modern, more airy, more sunny houses than they ever lived in before. And this is due to the efforts made by Mr. Payton (Johnson 1930, 148).

Blacks did live in Harlem before Payton's arrival but there is little doubt that he did open better housing accommodations for Blacks in the area on his arrival. Better housing brought social stability by attracting more affluent Blacks to seek residence in Harlem (Schiener 1965). Variables such as adequate housing, social stability, the eruption of Black creative initiative in a multitude of ways, gender the period called the "Harlem Renaissance."

Black organized crime for the first time in Black American history surfaced as a viable industry in Harlem.

6.6. Blacks create their own community in Harlem

Constrained in general from the White community's social life, and economic affairs, Harlem's Blacks developed their own community. They created a segregated world, a world with its own churches, its own association, its own entertainment facilities, its own cultural life. The activities of this Black community complied with the basic social pattern of New York City, for the Black patterned his social and cultural institutions upon his American background rather than their African heritage. Still, by the very fact of their exclusion from the wider community, Blacks gave their own meaning to the dominant culture of the White man (Scheiner 1965). These disparities were only minor variations of the dominant social values. Richard Bardolph in his writing about the period of the Harlem Renaissance says that the Black man had built a "black replica of white American culture on his own side of the line" (Bardolph 1961).

CHAPTER 7

THE CORE ACTORS IN THE HARLEM POLICY RACKET

7.1. The actors

The biographical data presented here and in Appendix Four identifies persons who designed and operated the policy rackets in the 1920s. The early policy bankers set the tone of how a policy bank operates in a society that did not perceive playing numbers as a crime. Harlem's residents accepted the notion that placing policy numbers bets with illicit organizations were acceptable and that notion persists in many communities today.

The biographical data will attempt to show that policy operators in the early 1920s were entrepreneurial persons who were not associated with any organized criminal enterprise. Early on racketeers that were involved in other organized criminal activity began to enter Harlem's policy racket. But the runners that serviced the policy operations were mostly ordinary people who resided in the community where they collected their numbers. The collectors were not recruited for their criminal talent.

The key individuals involved in Harlem's policy racket during the 1920-1930 era are examined here and in

Appendix Four. From the data sources identified in Chapter 3, Type And Sources Of Data, the leaders of Harlem's number gambling enterprises of the 1920s are identified. Chapter 4, Data Analysis, operationalized the data to evaluate its testability in terms of the hypotheses. A key focus of the study is to define operationally the differences between Black and White policy bankers. Are they different kinds of criminals? Are White criminals more equipped to exploit society than Black ones? Did the Blacks community perceive policy operators as criminals? With definitions operationalized, it will be possible to either prove or challenge the claims implicit in the hypotheses.

7.2. Catalan and Messalino

It is reported that the policy number game in Manhattan's Black communities was solely under the control of a Spaniard nicknamed Catalan, who is alleged to have introduced the game to Harlem before World War 1. The Age refers to Catalan also as Carmalita.¹ It is claimed that he was the games sole number banker using Spanish barber shop operators as collectors (McKay 1940, 108). The game was secretly conducted so that only Latins and Blacks had access to it. The arrest reports in the Police Commissioner's Annual Report (see Table 1 in Chapter 4) provide confirming

¹New York Age (New York: 31 January 1925

evidence: there were very few policy arrests in the early 1920s.

When Catalan retired from the number business, a Cuban named Messalino, Catalan's chief assistant, is alleged to have inherited the numbers game. This transfer of leadership in the policy game occurred near the end of World War 1 (McKay 1940, 108). An indication that the game had a Latin origin appears in early newspaper reports in the 1920s. There were at least thirty policy bankers in Harlem in 1924 and many of them controlled by Cubans? Logically, if the game had Latin origins other Latins were more likely to be involved in its continuance than other ethnic or racial groups.

A name check in the Identification Section's old record file for Catalan, Carmalita or Messalino fails to show a criminal record by name. They were originally identified as numbers bankers in the Clearing House numbers game by newspaper and literature reports (McKay, 1940, 108; New York Age (New York): 31 January 1924). Both were alleged to have made large sums of money from the racket. Messalino is credited with: "expanding the game, exciting community interest and making all Harlem number-minded" (McKay 1940, 108). He is also identified by McKay (1940) as the first of

²New York Age (New York): 10 May 1924, 1-2.

the dazzling line of "numbers kings." In the early days of 1920 no mention of violence is associated with any phase of the policy racket.

The policy game in its early years was condescendingly called "the nigger pool" by Whites in and around Harlem who were aware of it (McKay 1940, 101). While the policy game was not known to the public, early operators apparently kept the game out of the political arena. Once the game was recognized as a source of large amounts of money, political power then turned an interested eye and insinuated itself as a factor in the numbers industry.

7.3. Marcellina Cardena

A name check for the criminal record of Marcellina Cardena in the Identification Section didn't uncover one. The court docket book of March 1, 1922 revealed that Marcellina Cardena was arrested and arraigned in the 5th District Magistrate Court for a policy violation. In this arrest he gave his age as thirty-two and identified himself as Cuban by birth. This is the only arrest that could be located for Cardena.

McKay's (1940) account of the early policy activities when Catalan was the sole numbers operator in Harlem suggests that after the end of World War 1 he retired from

the numbers business and returned to Spain. Before Catalan left for Spain, he turned his policy business over to a Black Cuban, Messalino, who was his chief aide and confidant. When Messalino took over Catalan's number business he changed his life style and started to live extravagantly.

Messalino's lifestyle was different from his former boss who operated his policy racket secretly; he operated the policy racket openly. He equipped himself with a big car, and a uniformed chauffeur to drive him around. He also entertained lavishly. The Age's description of Marcellina Cardena lifestyle fits Messalino.³ The early arrest as indicated above identifies Marcellina Cardena as being involved in the policy game early in the 1920s. Clearing House numbers are reported to have first started in the New York area around 1920.⁴ Not many policy arrests were made in Harlem in the early 1920s. The possibility that Messalino and Marcellina Cardena may be the same person is possible.

It was Marcellina Cardena's lavish style of living in the early 1920s that brought attention to the numbers game. He was not identified as being involved in the bootlegging industry that might have explained his wealth. It

³New York Age (New York): 7 June 1924; 28 June 1924

⁴New York Age (New York): 5 July 1924.

was his publicly appearing in a chauffeured driven expensive auto and living in a newly furnished dwelling in Striver's Row that was reported in local newspapers which attracted attention to the policy game. He was identified as one of Harlem's policy "Kings" in the Clearing House policy racket. In his public behavior, exhibiting his lavish lifestyle, he convincingly showed that banking numbers, allegedly his only source of visible income, is a money making business.⁵ His example attracted other ambitious persons to enter the policy racket.

Two years later the New York Age on July 10, 1926 reports that Cardena is broke. There are no reports in local newspaper about Marcellina Cardena being involved in the policy business after this date. He is not mentioned in the 1930s when Schultz enters the numbers racket. Other bankers entered the game as the expectation of making money become palpable. This in turn expands the policy play that in turn increases the number of policy arrests in New York. (See Police Commissioner's Annual Report Chart in Chapter 4) Each year the policy arrests in New York increase and a political awareness develops as the game expands. This political awareness takes form as corruption of the forces of social control.

⁵New York Age (New York): 10 July 1926

7.4. J. Richard "Dixie" Davis

J. Richard Davis, a lawyer, represented many of Harlem's Black and Hispanic policy operators. Fresh out of law school, he started to practice in the 12th District Magistrate Court location at 1130 St. Nicholas Avenue (Davis 1939). His notion of how he perceived the people he represented involved in the Harlem policy racket bears upon the first hypothesis. That hypothesis questions the difference between the evolution of Black and White policy bankers into their unlawful policy number vocation. Davis (1939) characterized the Harlem policy operators as:

The policy bankers were not mobsters. They were merely gamblers running an illegal business, on a very peaceful nonviolent basis. There is a distinction, very real, between ordinary law violators and the public enemies of the organized underworld. ⁶

Policy gambling by Harlem's Black number bankers was conducted on a peaceful nonviolent basis. Harlem's Black policy bankers were respected by the lower classes (Myrdal 1944, 331). They were viewed as Harlem's "Kings and Queens." These Black number bankers brought an excitement into the lives of many. On the other hand, public enemies and organized underworld persons are publicly perceived as violent, dangerous people that are to be avoided. The literature reinforces the idea that gangsters were seen as

⁶J. Richard Davis, "Things I Couldn't Tell till Now." Collier's, 29 July 1939, 37.

dangerous (Peterson 1982; Sann 1972; Thompson and Raymond 1940). Gangsters were feared and contact with them avoided by most law-abiding persons of any race.

The records of the identification Section of the New York City Police Department shows that in July 1937, Davis and eight others while acting in concert were arrested and charged with operating a policy lottery. The other people arrested with them were George Weinberg, Moe Weinberg, Jack Egglesden, Sidney Goldstein, Joseph M. Ison, Masjoe Ison, Solly Gersch and Dan Smith. This group made up the policy bank's administrators and enforcers attached to Schultz's policy combination that continued to operate even after Schultz's death.

Davis pleaded guilty to the charge after deciding to give testimony to Special Prosecutor, Thomas E. Dewey; his sentence was reduced to one year. Davis testified against Tammany leader, James J. Hines who was charged with using his political influence to protect Schultz's criminal organization (Davis 1939).

Dewey (1974) suggests that Davis believed he had the confidence of the top policy bankers in the Harlem numbers business. He represented them as their lawyer when they or their collectors were arrested. With his contacts

in the policy racket, Dewey states that Davis: "thought that with his brains, along with Dutch Schultz's muscle, he ought to be able to divert the golden stream of profits from the little bankers into a massive number racket" (Dewey 1974, 320).

Davis created a powerful policy combination one in which he shared in. Davis used his liaison with Hines, who brought political protection to the newly formed Schultz policy combination. Schultz's criminal "muscle" forced Harlem's Black number bankers to join his policy combination. Davis shared in the Schultz Harlem policy combination from 1932 to 1937; his involvement in the policy racket continued even after Schultz was killed (Dewey 1974; Sann 1971; Davis 1939). As stated above, Davis was eventually arrested and pleaded guilty for his part in that policy conspiracy.

Seabury's Final Report (1932, 136) suggests that there were hundreds of "bankers" in Harlem in 1931. Thompson and Raymond (1940) evaluating Harlem's policy operations report that there were possibly forty policy bankers in New York when Schultz helped by Davis muscled into the business in 1931. These authors noted that: "The whole policy banking business obviously needed a strong hand of direction, a code of fair practice, and an impartial chairman, or czar.

In other words it was ripe for racketeering when Schultz plucked the plum" (Thompson and Raymond 1940, 323). Their reference to a "code of fair practice," the authors are addressing the practice of bankers informing on each other to the police suggesting this should stop.

Thompson and Raymond (1940) report that when Davis first started to practice law in Harlem's courts he saw the policy racket was being exploited by the bondsmen who because of their close relationship with the court's personnel and the defendants they posted bail for were able to influence the defendant to accept their choice of lawyer to represent them. Also the bondsmen were able to "fix" arrests for a fee. It was their familiarity with police officers and the court's personnel that made this possible.

In time bondsmen became acquainted with police officers assigned to make policy arrests and were able to influence these officers to "throw" a case for a bribe (Davis 1939). A loosely written complaint allowed the police to give the defendant an "out" at the trial. Political influence where a judge might dismiss a case was also possible but that influence usually had to come from within the judge's political organization and was limited to people who had access to political organizations. Usually the technique employed before Hines became part of the Schultz

organization was using the bondsmen to "throw" policy cases with police help (Davis 1939).

Black policy bankers in the 1920s did not cultivate enforcers to protect their organizations from predators. It is a common practice for predatory criminals in inner city slums to rob policy controllers and runners of their daily collections. Policy banks effected cannot report these losses to the police. When their success became public after the sensational disclosures of Holstein's kidnapping in 1928 and in 1931 of the Miro and Brunder's financial success as exposed by the Seabury investigators, policy bankers became prime targets for robbery.

Davis's insight into Harlem's policy operation is the result of (1) his representation of policy workers who wanted their cases "fixed," and (2) Black policy bankers revealing details of their problems with robbery. Davis saw opportunities to exploit: clearly protection was needed for, the rackets' controllers and runners, combined with political connections to shield the operation from the police, and, contact with the judges who could be persuaded to dismiss the cases. With these protections the rackets could become both viable and lucrative.

Another event that was happening in 1930 that worked for Davis was one of Harlem's Black policy bankers Stephanie St. Clair publicly complained that police took her money and did not protect her or her operation from arrests.⁷ One could argue that Davis saw the whole scheme deftly orchestrated by Schultz's entry into the policy racket. Schultz could provide the muscle and James Hines the political protection. Thompson and Raymond report that the Harlem policy racket "was ripe for racketeering when Schultz plucked the plum" and that:

. . . the blueprint of gangster rule in New York was complete. Hines, and other district leaders used the gangsters with which to produce the fraudulent votes to win elections. With their own men in power and in control of the law enforcement agencies, they took pay from the gangsters to protect them against police and courts, which were both under domination of the political machine (Thompson and Raymond 1940, 340).

7.5. Casper Holstein

A name check in the Identification Section for Casper Holstein, a West Indian Black, who allegedly was the first to use Clearing House numbers to figure out winning policy numbers (Lewis 1982; Redding 1934) did not show a criminal record in the 1920s. His first arrest for a policy violation was in 1935. It was alleged that his political involvement and aggressive role in Virgin Island politics caused him to be victimized by law enforcement authorities.

⁷New York Age (New York): 13 December 1930.

"Holstein drew the enmity of powerful politicians" according to McKay (1940, 115).

During the 1920s Holstein operated the Turf Club, located at 111 West 136th Street, which was the rendezvous of Harlem's fast set and headquarters for his policy operation (Lewis 1982). He was prominent in Black Elksdom and was the Exalted Ruler of one of Harlem's best lodges. He was known as Harlem's only philanthropist during the period of this study (McKay 1940, 102). He donated money to Black colleges, provided scholarships and helped the poor (Johnson 1940; McKay 1940; Greene 1979; Lewis 1982; Anderson 1982; McKay 1940, 102). He collaborated with the Black magazine, Opportunity, and set up a fund for literary prizes for aspiring writers and artists. In the early 1920s Holstein donation of \$1,000 was the largest independent contribution to the Marcus Garvey U.N.I.A. (Universal Negro Improvement Association) movement (Ottley and Weatherby 1969, 220). In 1928 he sent a large consignment of lumber to Black storm victims in the Virgin Islands.⁶ In the policy racket Holstein during the 1920s "was renowned for his reliability" (McKay 1940, 103) in paying his players on their winning bets.

⁶New York Times (New York): 23 September 1928, 1:2.

There is no evidence in Holstein's record that would suggest he was a criminal with aggressive tendencies. The onset of notoriety in the early 1930s the policy operators underwent by the Seabury investigators caused Holstein to dropped out of the policy racket (McKay 1940, 114). Holstein is not mentioned in any of the reports about Schultz's campaign to take over the Harlem policy racket. It alleged that Holstein quit the policy business. Holstein maintained his innocence at the time of his policy arrest of December 23, 1935 in the Turf Club. He received a penitentiary term of not more than three years and remained in prison for nearly a year (McKay 1940, 115).⁹ His obituary reports: "FORMER 'POLICY KING' IN HARLEM DIES BROKE."¹⁰

7.6. Hyman and Pauline Kassell

A name search of the Identification Section files for a criminal record of Hyman Kassell did not show one. An examination the 5th and 12th District Magistrates Court's docket book from 1920 to 1930 did not show an arrest logged for Kassell. Kassell is identified by the New York Age as the leading White bootlegger in Harlem. In the 1920s, he operated as many as a dozen speakeasies in Harlem at one time. By 1925 he was involved in the Clearing House numbers

⁹New York Times (New York): 8 February 1936, 32:4.

¹⁰New York Times (New York): 9 April 1944, 34:6.

racket as a banker.¹¹ It is alleged that his entry into numbers was as a banker that he immediately tried to set up a monopolistic strangle hold on the game. To do this he employed all sorts of schemes and tricks to attract other banker's number collectors to work for him. Kassell organized his collector to use legitimate businesses as headquarters. He bribed operators of cigar, stationary stores, ice cream parlors and butcher shops to permit his collectors to use their establishments to operate in.¹²

In the mid-twenties Kassell was Harlem's prime mover in organizing other White policy bankers to use their forces to influence policy runners working for Black banks to turn in their collections to them. Kassell also recruited merchants operating legitimate businesses in Harlem to collect numbers for him in their stores or allows his collectors to use the store as headquarters. This alliance with store keepers did affect Black banker's street runners. The rational was that if police harassed the street runners of Black number bankers it would force their players, because harassed runners would become hard to find, to place bets with White banker's collectors who were more accessible in local shops. Collectors working for the White bankers produced identification cards to the police to identify them

¹¹New York Age (New York): 28 February 1925; 12 June 1926

¹²New York Age (New York): 12 June 1926

as working for a banker who was paying graft. It was alleged that the White bankers paid graft to the police who knew them from their Harlem bootlegging operations. Graft was part of the bootlegging business how else could bootleggers have prospered in the 1920s without police cooperation? The New York Age reported:

It is alleged that bankers who have an understanding with the police furnished their employees with a certain card bearing a cabalistic emblem of some sort recognized by the officer to whom it is shown and this card is to be used when the runner or collector unwittingly falls into the hands of the law. The card is supposed to show the fact the holder is with a banker who is 'in right' and freedom or relief from further espionage is the immediate result.¹³

The New York Age reports that Kassell to put the game on a sounder footing he and other White bankers held a secret meeting in which radical changes in the game were discussed. One decision alleged to have been arrived at was changing the routine of paying off "hits." The method in practice was to pay off the same day the "hit" was made. Under the new plan bets taken one day are to be paid on basis of next days Clearing House number. The new scheme was put in effect to deal with a change in Clearing House reporting. The Clearing House was receiving deposits from member banks twice a day instead of once, and only the 10:00 A.M. totals were used by policy bankers. Policy banks only

¹³New York Age (New York): 12 June 1926, 2; 26 June 1926; 7 August 1926.

used the 10:00 A.M. Clearing House totals to figure out the winning number. Formerly a player could place a bet until 9:50 A.M. and "hits" were paid off that day. Under the new plan bets were taken until 2:00 A.M. and "hits" were paid off on the Clearing House number that appear the following day.¹⁴

Saturday, October 2, 1926, Pauline Kassell, wife of Hyman Kassell, and nine others were arrested in Hyman Kassell's policy bank. He was not in the bank at the time of the arrest. This arrest information is logged in the Bureau of Criminal Identifications Arrest Book. The New York Age on October 9, 1926 headlined that: "Hyman Kassell's wife, Pauline, dubbed the 'Policy Queen' arrested in raid on number's banker's headquarters." The Age reports that Pauline Kassell received three years suspended sentence for her October 1926 arrest. The Age states that while number collectors and small policy bankers in Harlem were being given from thirty to ninety days in Welfare Island Workhouse that her husband Hyman Kassell was alleged to have spent \$25,000 for influence to save his wife from having to serve a prison term.¹⁵ Pauline's sentence compared to Stephanie Saint Clair's sentence supports the second hypothesis of this study that Blacks lacked necessary political and

¹⁴New York Age (New York); 7 August 1926

¹⁵New York Age (New York): 15 January 1927

economic resources as commanded by Whites. On December 30, 1929 as previously mentioned, Saint Clair was arrested for possession of policy slips and upon conviction she was sentenced eight months to the Welfare Island Workhouse.¹⁶

The Age headlines that a \$25,000 "Hush Fund" was being raised for subornation of law officials for the alleged protection of Kassell's number collectors. The New York Age reports:

Hymie Kassell said to be collecting \$250 each from 100 storekeepers who maintained headquarters for taking 'numbers' plays - workhouse for operatives. 'Hymie' Kassell erstwhile 'millionaire' bootlegger, and more recently a would be monopolize of all the profits accruing to a banker from the 'numbers' game, is now engaged it is reported, in a scheme to raise a \$25,000 fund to be used in placating the legal powers that be in an effort to stop the crusade which has been put in force against the cigar and stationery stores which have been headquarters for 'numbers' collecting.¹⁷

Getting his number collectors to invest \$250 for protection tends to make them more protective of their numbers operations. This and the following examples that (1) the disparity in sentencing of a White and Black person for the same crime and (2) the openness with which Kassell operated his number business bears on the second hypothesis. The hypothesis states that Harlem's Black policy bankers lost their leadership role in the policy racket during the

¹⁶New York Age (New York): 13 December 1930

¹⁷New York Age (New York): 18 December 1926

1920s to White policy bankers because the Blacks lacked the necessary political and economic resources commanded by White to fend off their intrusions into the policy rackets. These accounts tend to support the argument proposed in the second hypothesis.

7.7. George Weinberg

In reviewing George Weinberg arrest record the Identification Section only shows the July 1937 arrest where he and eight others while acting in concert are charged with operating a policy lottery. (This is the arrest where James J. Hines and J. Richard Davis were also arrested.) The 5th and 12th District Magistrates Court's docket book did not show any arrest for a George Weinberg. Information developed about George would support the notion that he is the type of criminal Stier and Richards (1986) referred to as a predatory criminal (Block 1983; Dewey 1974; Sann 1971). As noted earlier, the predatory criminal is one who uses violence to maintain dominance in their criminal activities. Both George and Abe "Bo" Weinberg who were established criminals also offered depersonalized violence and intimidation for sale.

George Weinberg's career began early. He was one of five children from a poor family whose father died when he was young. His education consisted of completing grammar

school in Manhattan. After which, he worked as a parcel wrapper for Macy's and Gimbels. At eighteen he drove a taxi cab. He did a year in prison for possession of a gun and burglar tools. He beat his next three burglary arrests. George's career involved operating slot machines in an upstate resort. In 1929 he set up an unsuccessful policy bank in Harlem with Moe Levy. He started again in the policy racket with Harry Schoenhaus and went broke again.¹ Finally George was introduced to Schultz by his brother Abe "Bo" Weinberg and was made a member of the gang (1971, 183).

Davis, the lawyer, while practicing law in the 12th District Magistrate Court in the late 1920s represented several Black policy bankers and their runners. One of Davis' clients, Joe Ison a Black policy banker, in the early 1930s was being pressured by his controllers and runners with complaints that they were being robbed too frequently by gangsters. Davis introduced Ison to George and Bo Weinberg to seek protection for his workers. Abe Weinberg's reputation identified him as one of Schultz's arch-killers. The Weinberg brothers demanded a weekly fee to protect Ison's policy racket which Ison agreed to pay (Davis 1939).

¹Harry Schoenhaus was brought into the Schultz organization by George Weinberg. Schoenhaus managed the day to day office operations of the policy banks in the Schultz policy combination. Dewey (1974, 323) refers to Schoenhaus as Schultz's treasurer.

The George and Abe Weinberg protection deal with Ison led the way for the Schultz organization to enter and eventually succeed in controlling the major part of the Harlem policy racket. With George as the policy operations office manager (Sann 1971) and Abe as an enforcer, Schultz offered Harlem's Black policy bankers protection and organization when joining his combination. Dewey reports: "At the opening of this conspiracy, he (meaning Davis), Schultz, Bo and George Weinberg conspired to force all independent number operators under one domination by force, violence, beating, and other means until they were all brought into line" (1978, 380). The criminal organization that developed from this strategy of intimidating Harlem's policy bankers eventually evolved into a parasitic enterprise, Schultz's Harlem policy combination. The Schultz policy combination controlled most of Harlem's policy racket in the early 1930s.

With the arrest of George Weinberg in 1937, he decided to become a state witness and testify against James Hines. While in protective police custody as a state witness, in an unguarded moment George killed himself. He feared that he would be killed by underworld killers for providing testimony against Hines. He seized a gun belonging to a police officer who was assigned to guard him. The gun was momentarily unguarded.

7.8. Abe "Bo" Weinberg

Abe "Bo" Weinberg was a lieutenant in the Schultz gang and revered as the top "enforcer" for the enterprise. Abe Weinberg was a feared killer. (He fits the Stier and Richards model of a predatory criminal.) A criminal record was not found in a name search of the Identification Section. A search of the 5th and 12th District Magistrates Court docket book did not show any entries under Abe Weinberg. A version of his criminal ventures identifies him as the alleged leader of the killers that murdered Salvatore Marranzano (Turkus and Feder 1951, 87). This murder opened the way for Charles "Lucky" Luciano to control the Italian crime factions by becoming the leader of the Unione Siciliana. Luciano used the Unione as a vehicle to create a system of underworld alliances throughout the United States (Davis 1939).

There was another killing Abe handled for his boss. Schultz was having a territorial problem with Jack "Legs" Diamond another bootlegger. In the dispute Diamond's men killed Schultz's crime partner, Joe Noe. Davis reports that in December 1931 Schultz had Abe murder Diamond in Albany New York in reprisal for Noe's death. Davis also alleged that Abe drove the getaway car in the murder of Vincent "Mad Dog" Coll another enemy of Schultz (1939).

Dewey (1974), familiar with the criminal organizations that were operating in the 1930 time frame, identifies Abe as the head of Schultz's disciplinary forces, and as an efficient and murderous gunman. Dewey's three year investigations into the Harlem policy racket began in 1935 and accused Abe as a co-conspirator though it was suspected then that Abe was missing, presumably dead. Dewey accused Abe and others of conspiring to force all independent numbers operators to join the Schultz combination. The vehicle to accomplish this consolidation of policy banks was to use violence and any other means necessary until they were all brought into line (1974, 380).

In September 1935 Abe Weinberg disappeared. He is never seen again. He is reputed to be the victim of a gangland murder allegedly orchestrated by Schultz (Peterson 1983). Unconfirmed reports speculate that his death was caused by Schultz who suspected that Abe was dissatisfied with the way the Harlem policy racket money was being distributed (Sann 1971). Dewey reports Weinberg was put into concrete and dumped into the Harlem River. He speculated as did Schultz that the reason for Abe's disappearance was that he allocated part of the Harlem policy rackets proceeds into his own account during Schultz's absence (1974, 118).

Maas relying on Valachi, tells that Schultz surmised that Abe was too friendly with Charles "Lucky" Luciano. Valachi alleges that Luciano was interested in the racketeering empire that Schultz developed and was looking for a way to annex it to his operation. Perhaps Abe was murdered because Schultz was suspicious of him and suspected that he was disloyal given his friendliness with Luciano (Maas 1968, 149). Peterson's (1983) version of Abe's disappearance is that overtures were made to Abe by both Louis "Lepke" Buchalter and Luciano who tried to persuade him that his boss, Schultz, who was in hiding from 1933 to 1934 and under indictment for tax evasion would never return. The picture changed on August 1935 when Schultz was acquitted in his tax trial in Malone, New York. A month later in September Abe disappeared. Peterson reports that because of the murder of Abe Weinberg allegedly on Schultz's instructions an intense enmity developed between Schultz and Buchalter. There were suspicions that Buchalter in October 1935 ordered Schultz murdered in retaliation for the Weinberg slaying (Peterson 1983, 210).

7.9. Conclusion

The actors discussed here were the primary people involved in Harlem's policy operation of the 1920s and 30s. The sample reviewed is representative and relates to the study's hypotheses. Expanding the sample would not appear

to threaten the claims of the hypotheses in any substantial way.

The Black policy bankers of the 1920 were faced by two different waves of White criminal intrusions. The first, was made up of a group of Harlem bootleggers that included Kassell and Immerman. They bribed local police to help them expand their policy racket. These Whites did not command the toughness as did the subsequent groups lead by the Weinberg brothers and the Schultz policy combination. They, Kassell and Immerman, did not have other predatory criminals available to create criminal alliances.

The second wave including the Weinberg brothers, the emissaries of Schultz, had access to various groups of predatory criminals. They were too violent for the Black bankers to ignore. The Schultz gang had strong political connections through Davis's links with Hines, the Tammany Hall leader. His connection far exceeded that of any other groups in Harlem.

Black bankers started to lose their prominence when the first wave of White policy bankers started to apply political pressure. They used the police to harass the Black banker's runners to gain some control of the policy racket. The Black bankers completely lost their dominance

when the second wave the Schultz combination entered the racket and took over. The Black bankers were not criminally tough enough to oppose any of the White intruders the first or second wave into the Harlem policy racket.

The early Black and Latin policy bankers in Harlem were entrepreneurial people that saw an opportunity to make money in a new racket. The game appealed to Harlem's residents and became a positive economic factor in the community in that it gave employment to many otherwise unemployed Blacks. The early Black and Latin bankers did not command violence to oppose other criminal organizations that entered the racket and they did not command a political force to continue their early control in the racket. Ultimately Black policy bankers give in and accept, grudgingly, control by White gangs.

CHAPTER 8

THE ECONOMIC RAMIFICATIONS GENERATED BY HARLEM'S ILLEGAL
NUMBERS INDUSTRY

8.1. Policy number banks as financial institutions

Ivan Light (1977) sees the fixation and involvements between the numbers racket and the Black community. He suggests that:

Mainstream financial institutions have never been able to provide generally prevailing service levels in poor communities. In the resulting partial-service vacuum, black invented numbers gambling. Numbers-gambling banks became sources of capital and a major savings device of urban black communities. With the usury industry, numbers banks framed an alternative institutional system for the saving-investment cycle in the slum. Numbers banking illustrates the conjoint contribution of institutional and cultural causes in an analysis of poverty (Light, 1977, 892).

Number players place a small amount of money with a runner they trust and thus begins the expectations of receiving a generous return if they "hit" a winning number. The return on a small investment will bring a sum of money the player usually lacks other means of obtaining. Where else would just a penny pay six dollars to the winner? Over time a friendly relationship usually develops between runners and players especially when financial aid to a player in a time of need is possible. There is this ever present

expectation of winning lots of money, if not today maybe tomorrow that gives betters a feeling of financial worth.

8.2. Defining some terms

To portray the numbers racket role in a community requires an understanding of the rackets salient economic parameters. The "numbers racket" includes by definition everyone engaged in producing, collecting and distributing numbers. There are also ancillary industries that operate with the number industry - for example the production and sale of "dream books." These books were produced by numerologists, occultists and spiritualists who correlate dreams with numbers. These publications were the best sellers in Harlem during the 20s and 30s (McKay 1940).

An "illicit numbers firm" within that industry is nothing more than a collection of assets whose specific uses determine the authoritative decision of an identifiable organization unit. Obviously, the firms that make up the industry, the specific numbers banks, can take a variety of forms. They could represent different production capacities such as liquid capital, ownership of storefronts for betting, networks of contacts known as runners or collectors throughout a community of bettors. Participants in the industry could be involved in all aspects of the racket from financing policy banks, providing loans to betters, to the

transporting numbers to drops and policy banks, or they could specialize in anyone of these functions.

For any given function the "firm" may be more or less dominant in local neighborhoods. The gang or firm could consist of a single entrepreneur linked to others only through the fragile ties of economic interest, or it could include many people linked to one another by family or social ties. The operators could be relative newcomers (as in the case of white gangs) or have a long history in the industry, as with Black number operators.

The aim of identifying the following variables in the policy racket is to examine the economic relationships the policy racket generates within its community. The variables are: The structure of the numbers industry, the conduct of the gangs within the industry, and the performance of the industry over time and how it influences the economics of the community it is embedded in.

On the operational level Harlem's policy organizations, on their distinctive ways of doing business, have been examined to find their relative vulnerabilities or resistibility to intimidation and violence. In a group's "conduct" the competitive strategies pursued by various organizations within the industry on how they handle their

"taxes," or "ice," that must be paid to governmental regulators (that is, the police and political establishments) and how these operational costs affect odds and payoff schedules are of concern.

"Performance" and its results are what we are trying to understand. This variable focuses on questions about how successful the numbers industry in Harlem is over time in providing service; the expansion of the industry, and most importantly, how well or poorly the industry adapted to changes in its working environment. The variables of structure and conduct influence an enterprise's performance. The extent that structure and conduct enhance or hinder the industry's long-run performance in providing an illicit service, are also of interest.

8.3. Major factors in shaping the economics of the numbers industry

The performance of the numbers industry in Harlem was likely to be shaped by such economic factors as, the perception of opportunities and risks. Criminal enterprises -- much like their counterparts in legitimate businesses -- that offer investments of time, energy and resources, must have some assurance that they will make money from their investments. They must have capital to produce a service and a certain tolerance for risk -- not only the risk of

arrest and imprisonment, but also the risks of economic losses from successful number players bankrupting a numbers operation. The threat of betrayals to police by associates or trying to lure key workers to their ranks were always present.

Crucial questions about the conduct of competitors within the illegal numbers industry include the extent to which they rely on violence to cut competition and the extent to which they rely on corruption to ward off the threat of law enforcement. When they, the Black policy bankers, did not rely on violence and corruption as primary elements in their racket, as in the early 1920s, the policy bankers personal conduct and demeanor became important. Poor Blacks in Harlem trusted the person they were playing with, and they expected to get paid if they won.

A key issue in the research preceding the analysis of data about the clash with white criminal organizations and the eventual absorption of Black numbers gambling into white hands, is the degree of concentration in the numbers gambling industry or rackets. The fewer firms the more concentrated the industry. An industry that is monopolistic is more apt to exploit its clients. Conversely, in a competitive market customer support is essential to gain a larger share of the numbers market.

8.4. The economic incentives created by occultists and spiritualist, suppliers of dream books, tip sheets and lucky products

An outgrowth of interpreting dreams amongst policy number players is the dream book. Number dream books instruct the number player to play a particular number with a specific dream. There is evidence that this belief about dreams having mystical powers dates as far back as ancient Egypt. Lottery players in the 16th century playing the Italian Lottery used dream books (Carlson 1940, 114). The practice of using dream books in playing policy numbers has continued down to the present day.

Carlson (1940) pointed to "the culture complex" underlying the numbers gambling of Detroit's Blacks. This obsession included dream interpretation, folklore and music, social roles, spiritualism ceremonial festivities, fad and fashion in playing style, and an extensive gambling jargon. McCall (1963) stressed the connection between spiritualist cults and numbers gambling, claiming that they mutually reinforce each other. The cultural source of the superstition McCall identified as the animistic religious of West Africa and Caribbean "hoodoo." In view of the myths identified with the numbers complex, cultural interpretations have an undeniable plausibility and they also enhanced the economy of the Harlem community.

Buying dream books, tip sheets and lucky products were big business in Harlem during the 1920s. McKay relates: "Madame Fu Futtam is the top-ranking occultist. Very industrious in the art of clairvoyance, she has published a series of dream books with interpretive numbers, which have made a fortune for her" (1940, 79). Using dreams to pick numbers has been in use wherever playing policy numbers are played. In the hope of picking a winning number many of Harlem's policy players frequented occultist and subscribed to their alleged mystical powers and bought their products. Superstitious people assigned meaning to dreams so that much time and effort was spent by believers in trying to explain the meanings of their dreams.

Dream books besides giving the numerology interpretation to ones dream usually contain other information identifying lucky numbers assigned to people's names, lucky days, national and religious holidays. Dream books and tip sheets could be purchased in any stationery store, newsstand, drug store, barber shop, tobacco chop, shoe shine parlor on Lenox or Seventh Avenues. There are the two main business thoroughfares of Harlem. Some of these could be bought for fifteen of twenty cents; others cost a dollar (Lane 1924). Tip sheets are daily or weekly publication that suggests lucky numbers to be played.

Another business that operates alongside dream books and tip sheets is the lucky products' industry. One of the most important items in the lucky products' industry is incense. Superstitious incense adherents believe that the fumes given off by the burning incense will charge the surrounding atmosphere with good luck and that anyone exposed to such an atmosphere will absorb the good luck. Number players perceive that they can identify lucky numbers in the incense ashes.

Included in the lucky product's category are the herbs, roots, and powders that are alleged to bring good luck. The herbs and roots are carried about either as good luck charms, or brewed into various concoctions to be taken as a good luck medicine. The lucky powders are usually sprinkled over things with which the individual has contact with such as clothing, bedding, curtains, rugs, etc.

Then there is holy oil of which there were also many scented varieties. Finally, there are the good luck charms such as rings and pins that were alleged to bring luck to its owner. Also popular with number players were the parchment talisman containing a biblical verse written in red ink that number players carried on their person. A detailed discussion of dream books, tip sheets and lucky products are given in Carlson (Carlson 1940, 114-126).

8.5. The economic impact on the Harlem community created by introduction of policy numbers in the early years

Two of Harlem's Black policy bankers of the early 1920s, Casper Holstein, and Marcellina Cardena will be discussed briefly here concerning their impact on Harlem's economy. At a time when there were no large Black illegal enterprises in operation they organized and operated large policy number banks that did affect the economy of Harlem. They gave employment to many of Harlem's residents.¹

Furthermore, the numbers game attracted funds that would not otherwise be saved in depository accounts and circulated it in the community. Excluding the approximate profits of the numbers bank, eighty percent of the money wager was returned to the player and collector on winning bets. Sixty cents on every dollar was returned to the player, of which he gave a ten percent tip to the collector, and twenty cents commission was given to the collector for collecting the wager.

Early Harlem policy bankers believed to be the first to use Clearing House totals to decide policy numbers set the tone that more or less prevails wherever policy numbers are played. The examples they set are that policy bankers do not have to be a gang leader, and that runners and collectors are mostly just ordinary people who collect

¹ New York Age (New York): 28 June 1924.

policy numbers in the community they live in, to earn money. There is no evidence that criminals were involved in administering policy numbers in Harlem in the early days of the racket. Both male and female Black runners and collector in the early 1920s were Harlem residents trying to earn money in a society that was generally determined not to hire them in conventional jobs.

Marcellina Cardena's lavish style of living in the early 1920s brought attention to the numbers game. Appearing in a chauffeured driven expensive auto, and living in a newly furnished dwelling in Striver's Row started to bring attention to the policy game. The New York Age² reported that Marcellina Cardena was alleged to be one of the biggest numbers bankers in Harlem and is reputed to employ over one hundred policy collectors in his policy operation.

Cardena's lavish style of living could have had a positive effect on those Black persons who saw the policy racket as an economic opportunity. Some reasoned that if he could make it why couldn't they. One author writing about getting started in the Harlem policy racket stated that:

² New York Age (New York): 7,28 June 1924.

"Minor bankers abound: men and women getting \$200 capital, start in the `numbers' business" (Lane 1924, 692).³

Commissions paid to runners and the odds paid to winning betters have not changed drastically over the years. The odds are 1000 to 1 in picking a winner. The policy bank usually pays 600 to 1 on winning numbers. The runner or collector receives twenty percent of their collections. That leaves twenty percent for the policy bank. Players also could bet on two numbers the first two or the last two figures in the three digit numbers. The odds are 100 to 1 on this type of bet that was called a bolita, and the player is paid 80 to 1 on a winning bet. I found no data reporting the commission a runner was paid in a bolita type bet in the early 1920s.

The operators of the early Clearing House numbers game set parameters and traditions that are followed today wherever illicit policy numbers are played. Lotteries and the personnel necessary to conduct a policy racket are discussed in Chapter 5. A repetition of some discussions presented in Chapter 5 is necessary here to show why the controller was brought into the policy racket structure to control the finances the runners and collectors generated.

³ Lane's commentary about the policy racket in Harlem in 1924 is covered in Chapter 5, section 5.7.

Controllers acted as the money lenders to runners and collectors when they had money shortages. The controller enables banks with many runners to separate them, the runners, into small groups under separate controllers to control the flow of money to operate the game.

In the early 1920s number runners turned in their bets directly to the policy banks; there is no evidence that operators of the Clearing House policy numbers game employed controllers or pick-up personnel in their policy operation. The game in the early 20s was confined to a small section of Harlem. This can be seen when examining the 1920 census tract M8B (see Appendix five) and the 12th District Magistrates Courts Docket Books showing where most of the policy arrests occurred. (See Chapter 4, section 4.13.) Runners and collectors in the early days of the game could hand deliver their collections personally to a policy bank. These early operations with limited runners were controlled by a banker without addition help.

To keep the books balanced with each runner -- that is, the amount of money generated by bets coming in and the amount of money going out in winning bets -- the controller was invented. As the number of runners and collectors in the policy racket increased, controllers and pick-up personnel became necessary. They positioned themselves in

the policy operation so that the policy game ran smoothly. A controller is the liaison between the bank and a group of runners. They managed the day to day operations of a group of runners and for this they received five percent of the total collections for their group of runners from the banker. A pick-up policy worker is the person who collects all the daily policy bets and delivers them to the policy bank. Pick-up workers are salaried employees of the banker.

Controllers responsible for a small group of runners are in a better position than a banker with many runners to control the rackets day-by-day operation. Besides there are always shortages that a controller can cover for their runners for a fee. Controllers do not have to know the people the runners are collecting numbers from. Controllers are responsible to the policy banker to assure that collections and pay-outs balance. In the early 1930s, Davis (1939) estimates there were 2,000 policy runners in Harlem.

What this means is that as the illicit policy industry in Harlem grew, it decentralized and bureaucratized itself following rational business operational decisions. With money flows increasing, controllers were introduced to give the accounting procedures of centralized banks. From a social standpoint, as the policy industry matured, it provided more employment opportunities in the community.

An economic aftermath developed by the introduction of the controller into the policy racket is worth considering. The controller gave credit to their runners when they had a shortage. This allowed the runner to extend credit to their customers. This practice of extending credit in playing numbers created an economy in Harlem that previously did not exist. One could argue that extending credit to number players and runners strengthens the hold of the controller on the racket. It makes both the runner and the play who seeks credit dependent on the controller ability to give credit. This argument assumes that the borrowing runner has a source of income in commissions from bets that the controllers can manipulate.

The banker's twenty percent less five percent if he employs controllers were used to pay his office workers who tabulated the betting slips. A banker's profits were dependent upon the volume of business his runners brought in, less the pay-out. Rados' (1971) study presents a detailed account on the expected profitability and risks of policy operations. His model could be adapted to early policy operations as a way of determining the expectations of earning if policy banker's records were available. Not having any data of any of Harlem's policy bankers of the 1920s it is not possible to test Rados' model.

8.6. A comparison with Lasswell and McKenna

Lasswell and McKenna (1972) tested crime's impact on New York City's Bedford-Stuyvesant community from 1963 to 1970. Their study used drugs and policy gambling operations as their research foci. They analyzed the relationship between organized crime and the social processes of that community. It would be interesting to apply some aspects of Lasswell and McKenna's research to Harlem's number rackets of the 1920s.

The Lasswell and McKenna study concluded that organized crime was not only the largest organized economic force but was firmly embedded in the Bedford-Stuyvesant community. Their analysis of the data showed that for every \$1 increase in per capita income for Bedford-Stuyvesant at least ten cents were diverted to organized crime coffers. Their study suggests that ratio of criminals to police runs 20 to 1 favoring organized crime (Lasswell and McKenna 1972, 143-156). This one sided situation affects not only law enforcement, but also criminal justice in general, education, the individual, the family, and community groups. Important, too, is the depletion of community assets that are diverted to organized crime groups.

Depleting the Bedford-Stuyvesant community assets by organized crime groups adversely affects the economy of that

community. This may not be the case when Harlem's Black number groups are examined. The illegal industry of Harlem's Black policy racket allowed for a circulation of money to occur. The circulation of indigenous illicit capital exclusive to the policy rackets generated by Black number players in Harlem appears to have flowed through the Black community and remained as part of the area's economic wealth.

The illicit profits were not directed to the breakdown of the counter criminal process, as happens in Lasswell and McKenna's study. It was just the opposite when we examine Holstein's contributions to the Harlem community. It is not until white bootleggers enter Harlem's policy racket, that organized corruption emerges to influence police to enforce gambling laws selectively, and corrupt the political forces of social control!

Schultz's policy combination is alleged to have put Hines on a retainer averaging between \$500 and \$1000 per week for his political protection (Block 1983, 154; Davis 1939). Davis reported that in the early 1930s Schultz's policy racket was grossing \$65,000 a day of which Schultz pocketed \$5,000 a week for himself. Also Schultz for his

⁴New York Age (New York): 12 June 1925; 7, 21 August 1926; 18 December 1926

personal use removed \$150,000 from the policy bank Schoenhaus was operating for the combination for his use (Davis 1939).

Schultz paid his shooters, Rosenkrantz and Landau, \$1,875 a week and \$1,500 a week for Krompner services (Sann 1971, 179). Weinberg testified at Hines' trial that the Harlem policy banks were tapped for \$32,000 for Dodge's campaign for District Attorney of Manhattan (Sann 1971, 207; Smith 1982, 257; Peterson 1983, 199). The data suggests that when white bankers dominated Harlem's policy racket most of the assets did not remain in the Harlem community as when Black bankers were in control.

Black number bankers had been the largest investors in Black-owned business, and ghetto real estate, and the chief source of business capital in the ghetto (Roebuck 1967; Drake and Cayton 1962: 11, 487). In addition, Black numbers bankers had been the only sources of business capitalization available to local Blacks who lacked collateral or credit ratings. Because of these loans, Black owned businesses (not actually owned by numbers bankers) were often in debt to them (Drake and Cayton 1962, vol. 11, 469).

CHAPTER 9

CONCLUSION

9.1. Summation

In the nineteen twenties lotteries, lottery type policy, and insurance policy, were replaced by numbers that were derived from other sources than lottery drawings. The use of Clearing House bank totals to decide winning policy numbers is first seen in Harlem around 1920, and in the 1930s numbers are figured from parimutuel race horse results. The game in the early 1920s controlled by Black and Hispanic operators catered to the Black residents of the Harlem area. From 1920 to 1930 the growth of the policy racket using Clearing House bank totals spread throughout the city. The arrests for policy violations increased from seven in 1920 to 4,334 arrests in 1930 and to 13,692 by 1935 an indication of its growth.

Harlem's early Black and Latin policy bankers were entrepreneurial people that saw an opportunity to make money. The research data show that the starting group of Black number bankers who became successful in making money in the policy racket, did not last long. As the game revealed its money making potentials for its operators, Whites with criminal backgrounds, with powerful political

connections moved into the banking facet of the policy racket. The early Black and Latin bankers did not command violence or political connections to oppose successful assertive White racketeers that entered the policy racket.

The numbers racket from its start had been and continues to be the largest business in the Harlem community. As the game appealed to Harlem's residents it became a positive economic factor in the community in that it gave employment to many otherwise unemployed Blacks. Although it is an illegal activity, the racket appears to have stimulated Black capitalism more than any other activity at the time.

Policy runners were recruited from the community they lived in. Though Harlem's residents preferred to play with Black bankers, the game became so popular that players driven by their anxiety to make money supported the game without regard as to who was banking the game. This ever present driving force, the chance to make money by playing numbers, was the only opportunity poor people had to make some "easy" money. Prospect of picking a winning number served to soothe somewhat the discouragement of their living conditions.

In spite of restrictions imposed by the prevailing laws, number gambling was not viewed as a crime in the community by Blacks but a way of life that became a custom. I believe its operators envisioned banking numbers as a legitimate enterprise. There is no evidence that before entering the policy racket that Black and Hispanic bankers were involved other criminal activities. Simply put they were not criminals getting involved in another illegal enterprise. During their tenure Black policy bankers were held in esteem by their community who identified them as their "Kings" and "Queens." The popularity of the game suggests that maybe the dominant social structures have been unresponsive in satisfying the social and economic needs of the poor in Black communities where racial biases were openly practiced by industrial leaders and political organizations. Blacks played numbers to fill both economic and social voids.

The data clearly shows that in New York City many political bosses were closely aligned to local police who would do their bidding. These politicians used street gangs to help win elections by intimidating voters during elections in return for their help political bosses assured these hoodlums that they would receive police protection when needed (Asbury 1939). This alliance between thugs and politicians were major factors in preparing the stage for

gang dominance during the prohibition era. White policy bankers with a background in the illicit alcohol business of the 1920s were trained in illegal activities and their experiences taught them the importance of political connections.

Harlem's Black number bankers were not immersed in the illegal alcohol business and during the prohibition era did not play any dominate roles in the trafficking of alcohol as did Whites. More important for our purposes is that Harlem's Black policy bankers did not have a symbiotic relationship with Tammany Hall's political leaders as did White number bankers with prior political connections made while operating in the illicit alcohol business.

Harlem's White policy bankers were all in the illegal alcohol business before entering the numbers racket and had capital from their illicit operations to invest in number banks. Their gambling operations were usually large compared to the average Black number bankers who did not have assets from other illegal enterprises to invest in number banks and typically began their illicit business with limited capital in small operations. These differences in economic and political assets emerge as the significant factors that effected the fall of Black organized crime in Harlem's number racket in the 1920s.

The Black policy bankers of the 1920 were faced by two different waves of White criminals. The first, was made up of a group of Harlem bootleggers that bribed local police to help them expand their policy racket. These Whites did not command the toughness as did the later groups. The second wave to seek dominance in the policy racket had access to various groups of predatory criminals. They were too violent for the Black bankers to ignore. The Schultz gang had strong political connections through Davis's links with Hines, the Tammany Hall leader. Schultz's political connections far exceeded that of any other groups in Harlem.

Black bankers started to lose their prominence when the first wave of White policy bankers applied political pressure. They used the police to harass the Black banker's runners to gain control of the policy racket. The Black bankers completely lost their dominance when the second wave the Schultz combination entered the racket and took over. The Black bankers were not criminally tough enough to oppose intruders in either the first or second wave. Eventually the initiators of the game worked for White led gangs, the parasitical, exploitative interlopers.

Finally, the study shows that the model of organized criminal enterprise evolution is insufficiently differentiated and fails to cover the genesis of criminal enterprise

development in Harlem. It is fair to say that the policy rackets in Harlem show that the model's empirical data base is too narrow for its generalizations about staged developmental processes in where gangs emerge as predatory entities and mature into sophisticated symbiotic enterprises. The Stier and Richards paradigm do not appear capable of accounting for a broader range of data than the White Italian and American crime syndicates.

The study also reveals the need for a clearer explanation of the relationships between politics and crime. Power among White gangs was aligned wider and dependent upon access to the city's political patrons. Lacking this substantial asset Blacks could scarcely resist the implications of that power: police harassment, unbridled violence and linkages with the criminal justice system that insured continuation of their enterprises. Perhaps most importantly, what the lack of political power presented for Black policy operators was that they could not resist the labelling of their enterprises as criminal.

APPENDIX ONE

PROBLEMS LOCATING CRIMINAL FILES

New York City Police Department's old criminal files are kept in the Identification Section, located on the sixth floor at 1 Police Plaza, New York City. This unit was formerly known as the BCI, an acronym for Bureau of Criminal Identification. The BCI was formerly at 400 Broome Street in Manhattan before moving to 1 Police Plaza. The agency changed names from Bureau of Criminal Identification to Identification Section in 1965.

My record search started in the later part of 1987 and was completed on September 19, 1988. Principal Fingerprint Technician, Joseph Hayes, of Identification Section was made available when problems occurred in my search. The microfilms of Fingerprint Index cards, DD 25, were viewed to obtain the identification numbers ("B" or "E") of persons known to have been arrested and operating the Harlem policy rackets in the 1920s.

Fingerprint Index Cards (DD 25) are allegedly prepared for every person arrested for a crime where fingerprints are required. (Violations of the gambling laws require fingerprinting) These index cards contain the subject name, alias, age, height, residence, fingerprints classification, and identification "E" or "B" number

assigned to their record. Most of the people associated with the Harlem policy rackets and known to have been arrested (at least 50 persons) during the 1920s their fingerprint index cards could not be located in these files.

The Identification Unit also retains old fingerprint forms that were stored in criminal folders and are now on microfilm. To locate a microfilmed folder you must know the "E" or "B" number of the defendant. These microfilmed files are alleged to contain the criminal records of all persons arrested or processed by the New York Police Department from 1903 to 1975. I had very little success in locating persons arrested in Harlem for policy during the 1920s. Presently all current arrest records are kept in the New York State Identification Section -- under NYSID numbers.

Two notorious criminals, Meyer Lansky and Arthur Flegenheimer's (also known as Dutch Schultz and known to use the name Charles Harmon when arrested) fingerprint Index cards could not be located. Having independent knowledge of their "B" numbers did not help in locating their criminal record folders. Both persons were arrested in New York for felonies and had their fingerprints taken. I would only be speculating if I attempted an explanation why their criminal files could not be located. Dean Jennings (1967) reported that "Bugsy" Siegel's criminal file could not be located

when he attempted to locate it and that the police were "nonplused by the fact that there is no official record of one Bennie Siegel" (1967, 25-26).

It is common for criminals when arrested to give false names this could explain why Fingerprint Index cards were not on file under their real name. The possibility that Fingerprint Index cards were not made out by arresting officers also exists, or they may have been improperly filed. My observation of the Fingerprint Index cards is that the files are incomplete. A checked for Fingerprint Index cards that were made out for persons I arrested when a Detective with the New York Police Department during the 1947-1971 period, met with negative results.

The New York City Police Department started taking fingerprints of criminals in 1903. Criminals who had the same number count of ridges on their fingers were put into the same envelope and given the same identification "E" number. Many criminals had the same "E" number. The letter "E" refers to the "envelope" the criminal files were kept in. As the fingerprinting system progressed, around 1917, criminals were given individual "B" numbers. If a criminal had an "E" number it was changed to a "B" number on their next arrested.

By 1917, when fingerprints were taken in an arrest the police prepared Fingerprint Index cards (DD25) and Pedigree Forms besides arrest cards. Pedigree Forms listed information used to identify persons by their physical appearance. The Pedigree Form also included the defendant's "B" number. The use of the term "B" number is allegedly derived from Alphonse Bertillon, a Frenchman who originated the method of classifying persons by their body measurements. Criminal identification "B" numbers were later changed to NYSIIS numbers, an acronym for, New York State Identification and Intelligence System and then to the current NYSID numbers, the acronym for, New York State Identification Division.

Attempting to identify person from microfilmed fingerprint files is a monotonous task. I had little success in locating the criminal records of persons from their "B" or "E" numbers. Errors in these files are common these errors occur when ridge number counts are misread by the person classifying the fingerprints. Fingerprint forms with similar classification numbers have to be viewed and compared separately to make a positive identification, and there could be hundreds of prints with the same classification ridge counts. Fingerprint files that are improperly filed makes it almost impossible to locate. The fingerprint cards that are on microfilm are in reels by classification

numbers. If a misread classification number is assigned, caused by an improper count, locating the file becomes time consuming and difficult.

Wallance (1981, 9-14) reports on the inefficient and haphazard way the New York Police Property Clerk fulfilled its responsibility for the care of lost, unclaimed property, and evidence from crimes. The Police Department has a fiduciary responsibility in safeguarding property and records held in its custody. The discoveries of large quantities of drugs stolen from the Property Clerk's office in 1972, caused new safeguards to protect evidences to be innovated. Safeguards to protect criminal records also should be introduced.

New York Police Department's missing files of old criminal records are most disturbing. There seems to be no accountability for past negligence. Some workers in the Identification Section are employed from summer work programs and are untrained in handling records. This complicates the system rather than make it more efficient. Criminal files are part of the history of New York City, and an important data source for researchers that seems to have fallen between the cracks.

APPENDIX TWO

NEWSPAPERS

This a partial list of newspapers available at the New York Public Library Annex, located at 521 West 43rd Street and the Schomburg Center for Research in Black Culture, located 515 Lenox Avenue. These newspapers are used as data source in this study. Many of the newspapers listed are no longer in print but can be viewed on microfilm at the aforementioned locations.

Amsterdam News	New York Herald
Boston Post	New York Herald - Tribune
Brooklyn Eagle	New York Journal - American
Brooklyn Tablet	New York Post
Colored American	New York Sun
Christian Science Monitor	New York Times
Daily Worker	New York Tribune
Harlem Home News	New York World
New York Age	New York World-Journal-Tribune
New York Daily Compass	New York World-Telegram & Sun
New York Daily Mirror	Pease & Elliman's Real Estate
New York Daily News	Indicator
New York Evening Post	People's Voice
New York Freeman	P.M.
New York Globe	Pittsburgh Courier
Wall Street Journal	

APPENDIX THREE

GLOSSARY OF POPULAR POLICY TERMS OF THE 1920S

- ACTION - Another term for policy bets.
- BANKER - see house.
- BOLITO - The bolita numbers were formulated by using the first two or the last two digits of the three digit number.
- COLLECTOR - see writer.
- COMBINATION - All the possibilities of hitting a three digit number, 6 ways if there is a double number in the figure, and 9 ways if there are no repeat numbers in the figure.
- CONTROLLER - the person that runners and collectors tally up the policy bets with.
- DROP - a place where runners of collectors leave the policy bets at.
- FIGURE - see number.
- FIXER - a person who can effect the outcome of an arrest usually by bribery.
- HIT - to win.
- ICE - see pad
- HOUSE - person or organization that financially backs a gambling operation.
- KING - a title given to a male policy banker
- LOTS - a term used to describe a lottery drawing.
- NUMBER - a three digit integer.
- NUMBERS - the same as number.
- PAD - money given of a policy banker on a regular bases to protect their gambling operation.
- PAQUERITA - a spanish term to describe numbers.

PICKUP MAN - the person who brings the policy slips to the controller or the banker.

QUEEN - a title given to a female policy banker.

RIBBON - the slip of paper the runners write their policy numbers on.

RUNNER - see writer.

SLIP - the paper a numbers bet is recorded on.

STRAIGHT - the number as it appears from the totals used to determine it.

WRITER - a person who solicits and takes bets for a numbers operation.

APPENDIX FOUR**OTHER ACTORS IN HARLEM'S POLICY RACKET****1. Joseph Matthias Ison**

A search for the criminal record of Joseph Matthias Ison, a West Indian Black, in the Identification Section failed to disclose one. Ison starting as an elevator operator and a shipyard worker before breaking into the policy racket as a collector in 1923 (Sann 1971). He advanced his position in the policy racket to be recognized as one of the six major policy bankers in Harlem during the 1920s (Block 1983). Arrests for Joseph Matthias Ison, of 2373 7th Avenue for policy violations are logged in the 5th District Magistrates Court docket books on April 6, 1923, June 18, 1924, January 17, 1926, and again on August 20, 1926. The 12th District Magistrates Court records shows that Ison was arrested on May 30, 1924. One of the cases in the 5th District Magistrates Court was dismissed; the dispositions of the other four arrests are unknown. The five Ison's policy arrests logged in the Magistrates Court's docket books cannot be located in the Identification Section's files. Joseph Ison joined Schultz's policy syndicate in 1931.

Both Adolphus Brunder and Jose Enrique Miro operators of large policy number banks came under the scrutiny of Seabury's investigators in 1931 (Seabury 1974). To avoid

Seabury both policy bankers fled the New York area. Before fleeing Brunder and Miro turned their policy businesses over to Joseph M. Ison (Block 1983; Peterson 1983; Sann 1971; Davis 1939).

Ison's attorney, J. Richard (Dixie) Davis, was the highly successful "fixer" of policy cases in the Manhattan magistrates' court (Peterson 1983; Davis 1939). Davis represented Ison's policy collectors when arrested. In their business relationship Ison depended on Davis for advice. After taking over Brunder and Miro's policy business, Ison was being pressured by his controllers being robbed with undue frequency by gangsters. He asked advice from his attorney, Davis concerning this situation (Thompson and Raymond 1940; Davis 1939). Davis introduces Ison to George and Bo Weinberg, the later being one of Schultz's arch-killers. They demanded a weekly fee to protect Ison's numbers operation and Ison agrees to pay (Davis 1939).

After making arrangements to have George and Bo Weinberg protect Ison's policy operation from intruders, Ison's policy bank was hit for large sums of money when heavy played numbers came out. Ison through Davis arranges for Schultz to help him out of this financial difficulty. Schultz's financially helps Ison with the understanding that Ison turn in his policy collections to him and that Ison

receive a weekly salary plus a commission from the profits his business might make (Peterson 1983; Davis 1939).

Davis (1939) reports that when businessmen with problems sought assistance from a gangster usually it resulted in the businessman's operation being taken over by the gangster.

It was the old story - the way a racket usually starts. The businessman calls in the gangster to take care of labor trouble or competition, and then pretty soon he finds himself taking orders from the gangster.¹

2. Masjoe Ison

Masjoe Ison was the younger of the Ison brothers. He was also arrested by Dewey in 1937 as one of the conspirators in the Harlem policy racket. Masjoe Ison is Black and gives his place of birth as the British West Indies. Masjoe Ison, is known as "Little Joe," and brother Joseph Matthias Ison as "Big Joe." A search of the Identification Section for Masjoe Ison's criminal record suggests that his first arrest was in January 14, 1937. This is the arrest which included Davis and seven others for operating a policy lottery from November 1930 to January 14, 1937. On April 6, 1923, the 5th District Magistrates Court docket book shows an arrest for a Joseph Ison. I believed Joseph Ison to be

¹J. Richard Davis, "Things I Couldn't Tell till Now." Collier's 29 (July 1939): 38.

Masjoe Ison because both give the same age. The 1923 arrest does not appear in the Identification Section files. Masjoe lists his occupation as the owner of a Harlem garage.

3. Jose Enrique Miro

No criminal record at the Identification Section could be located for Jose Enrique Miro, a Puerto Rican policy banker, also known as Henry Miro. The Magistrates Court 5th District docket book does list a policy arrest for Miro on May 15, 1929. Miro is an example of the monetary the large profits to be made in the policy racket. In 1926 Miro, a common laborer, began in the policy racket as a banker employing six collectors (Seabury 1974). His personal bank accounts in 1930 show the tremendous amounts of money the successful numbers bankers could acquire. He had six admitted bank accounts in which between July 7, 1927 and December 12, 1930 he deposited \$1,111,730. He had three other bank accounts he denied were his and into which he deposited \$139,826. The grand total of his accounts was \$1,251,556 (Seabury 1974).

When he appeared before the Seabury investigators Miro made contradictory statements and faced charges of perjury. To avoid prosecution he fled New York (Peterson 1983). Before doing so he turned his policy bank over to Joseph Matthias Ison (Block 1983; Sann 1971; Davis 1939).

When he returned to New York, Thomas E. Dewey prosecuted and convicted him for income tax evasion. He was sentenced to three years in Atlanta's federal penitentiary (Dewey 1974). Miro's attorney in the tax evasion trial was J. Richard Davis (Peterson 1983). When Miro was released from prison he confronted Ison demanding the return of his policy bank. Ison and Davis arranged a meeting with Schultz to mediate the problem. This results in Miro returning to the policy racket working with Ison for a salary (Peterson 1983; Sann 1971; Davis 1939).

During Miro's tax evasion trial Special Prosecutor Dewey introduced into evidence sales slips of expensive purchases that Miro gave as gifts. The purpose of introducing this evidence was to demonstrate that Miro enjoyed a high standard of living. The gifts were delivered to the Owosco Democratic Club in December of 1930. The recipients of gifts were Dutch Schultz, James J. Hines and other political officials. The recipients were not identified at Miro's tax trial in fear of a mistrial. Dewey did use this evidence in the 1938 trial of James J. Hines in which Miro, Schultz and Hines were linked to Harlem's policy rackets as early as 1930 (Dewey 1974).

4. Wilfred Adolphus Brunder

No criminal record could be located for Brunder, a Black, in the Identification Section. Brunder, a West Indian, abandoned his trade as a shirt maker to go into the policy racket in 1923 (Sann 1971). By 1930 it was reported that his bank was collecting \$11,000 a day. The 5th District Magistrates Court docket books showed several arrests for Brunder. Entries show that he was arrested for policy as early as March 8, 1925 and again on December 17, 1927 for which he was sentenced, as reported in the New York Age, to three years in the penitentiary. Sann reports that in the 1927 arrest Brunder served four months "a sentence hardly calculated to disrupt his operation" (1971 160).

The police are reported to have commented that in the 1927 arrest that Brunder was banking between three and four thousand dollars a day? Using the daily average of Brunder's policy take and applying Dewey's policy formula for profits Brunder might clear forty percent, or about \$1,500 a day in profits (Dewey 1971, 99). (Other estimates of policy banks' earnings are discussed in Chapter 8) Brunder's take home pay should be over \$350,000 per year. He was a successful policy banker and made large sums of money even though his reputation as a banker was not good. The Age reported that Brunder was not paying players when

²New York Age (New York): 11 February 1928.

their numbers come in.³ Apparently, it was not uncommon for his bank to welsh on a winning policy number.⁴ In spite of his reputation as a poor payer on winning policy bets, Brunder deposited in various banks' \$1,753,243 of unreported income between January 1, 1925 and December 31, 1930 alleged to have accrued from his Harlem policy operation. Brunder's wealth was disclosed by Seabury's investigators in 1931 while examining the Bronx and Manhattan Magistrates Courts for corruption (Seabury 1974).

This disclosure of Brunder's unreported wealth resulted in his arrest and conviction for tax evasion. Brunder pleaded guilty and received a lighter sentence than did Miro for his tax conviction (Dewey 1974). Brunder is alleged to have received a ninety days' sentence and fined \$44,784 in back taxes and penalties (Sann 1971). He was represented by Davis at his tax trial. When he returned to banking policy numbers in 1931 he was allegedly put on a salary of \$100 per week as part of the Schultz's policy combination. He also was promised one third of the profits his policy bank would generate (Davis 1939). Brunder alleged he never received any of the profits from this arrangement and quits the policy business in the early 1930s (Sann 1971). Perhaps, Brunder's son-in-law as a reprisal

³New York Age (New York): 19 February 1927.

⁴New York Age (New York): 19 February 1927

voluntarily informed to Special Prosecutor Thomas E. Dewey in 1935. He told Dewey how the Bronx mob had muscled in on Harlem's numbers game in the early 1930s (Sann 1971, 19).

5. Edward and Elmer Maloney

No arrest records by name could be located for Edward or Elmer Maloney in the Identification Section or in the 5th and 12th District Magistrates Court docket book. The Maloney brothers operated an all White policy bank including the collectors in Harlem. The policy bank in the early 1930s was estimated to collect about \$11,000 a day in numbers (Sann 1971). Elmer Maloney was considered the boss of the Maloney policy operation. The Maloney brothers were a friend of James Hines (Dewey 1974) and could call on him when needed, but when Schultz wanted the Maloney policy operation under his control Hines did not stop it. Before the Maloney policy operation joined the Schultz's policy combination Schultz clears the takeover with Hines. Hines was on Schultz's payroll from the onset of the takeovers (Davis 1939). Sann reports that Elmer Maloney got the best deal of any of the Black policy bankers that joined the Schultz policy combination. Maloney was salaried at \$300 a week and promised an even split with Schultz on the Maloney's policy bank profits (1971).

The Black policy bankers that joined the Schultz policy combination did not receive money arrangements or commissions anywhere near this amount. Black policy bankers were treated differently than the White policy banker. The agreements of salary and commission that Schultz arranged with the Black policy bank operators who brought their policy operations under his control exemplify the notion that political power was a prerequisite in the policy rackets in that the more political power an illicit operation commanded, the more it could exploit others. Maloney had some political connections but not enough to oppose Schultz. The Maloney bank now under the Schultz umbrella enjoyed the protection that Schultz's criminal payroll offered. Furthermore, joining Schultz's organization was not as costly to the White banker as it was for Black policy operators. The money arrangement between Maloney and Schultz obviously favored a White operator who could muster political clout.

6. Alexander Pompez

Pompez a lawyer's son came to New York in 1910 at age twenty and went to work as a cigar maker for \$20 a week. He is alleged to have owned his cigar business before long. It is also alleged that he operated a policy bank out of his cigar store. The New York Age⁵ reports that the policy

⁵New York Age (New York): 31 January 1925.

number racket using Clearing House totals in New York started in the cigar factories by Latins is consistent with Pompez's start into the policy racket. Pompez also promoted the Cuban Stars a semiprofessional Black baseball team located in upper Manhattan (Davis 1939). Among his various business ventures, Pompez was involved in restaurants, night clubs and bars. He personally enjoyed the reputation of being a sophisticated member of the Harlem community (Sann 1971).

The Identification Section criminal record file shows Alexander Pompez, a Black Cuban, was arrested in 1934 for a policy violation, which was dismissed. There are other arrests for policy listed after that date but the file fails to list an earlier policy arrest made on January 24, 1923 in the 12th District. In 1932 he was coerced to join the Schultz policy combination and salaried at \$250 a week and a forty percent shareholder in the profits of his own bank. In January 1937 he was indicted by Special Prosecutor Dewey with Davis and eight others for operating a policy number bank in Harlem. Giving testimony as a state witness against Hines Judge Pecora suspended Pompez's sentence (Dewey 1974).

Davis (1939) recalled that when he first learned how to "fix" criminal cases in the Magistrates Court he had as

one of his best clients Pompez. Davis reports that Pompez's men were being arrested frequently because Jose Enrique Miro resented competition and everyday Miro was putting cops on Pompez's men.

Pompez had a long string of arrests. I charged him a \$15 or \$25 legal fee for each case, and what the traffic would bear for the fix, varying the amount from \$200 to \$500 so he wouldn't get wise. It was over a month before he caught on.⁶

Davis knew that Miro was informing to the police so that they would arrest Pompez's workers. There is no evidence that Davis warned Pompez of the source of his troubles. Davis exploited the situation. The question did Pompez suspect that something was wrong when his policy operation was being given undue attention by the police? It had to create some suspicion. Later, when Schultz takes control of Harlem's policy racket informing to the police by bankers stopped. They were now all working for the same boss. Schultz also had control of the police through his political ally James J. Hines.

Miro informing on Pompez is an example of how a criminal to enhance their illicit operation used the police as an enforcement operation. These were two Black policy bankers in conflict. If these were two White policy operations in the same situation it most likely would be followed

⁶Collier's (New York): 29 July 1939, 37.

by a violent confrontation. This did not happen in the Miro Pompez's situation. There is no evidence that the Black policy bankers used physical violence to further their policy operations.

7. Stephanie Saint Clair

No criminal record was located in the Identification Section for Stephanie Saint Clair, known in Harlem as Madam Queen of Policy, a Black French woman from Marseilles. She was arrested on December 30, 1929. This arrest for a policy violation is logged in the 12th District Magistrates Court's docket book. She served eight months. St. Clair was the first Black policy operator to blow the whistle on grafting cops and she alleged that her arrest and sentence for eight months were because of her whistle blowing. To protest the police treatment, taking her money and arresting her runners, she placed a number of paid advertisements in a local Harlem newspaper making drastic charges of graft and venality among the police. Almost immediately she was arrested on what she termed a "framed" charge and was sent to the workhouse on Welfare Island for eight months. The New York Age reports that upon her release from prison she appearing before Seabury's investigators and testified that she operated a policy bank from 1923 to 1928 in which time she paid members of the police \$6,000 for protection from arrests and that they double-crossed her and continued to

arrest her workers. A lieutenant and 13 men were suspended in December 1930 after she testified that she had paid them "protection money."

In 1932 St. Clair allege she was being pressured by the Schultz gang to join their Harlem policy combination. She went to the Mayor and the District Attorney to protest how gangsters were trying to take her policy business away from her (Sann 1971). Her outcries were to no avail. St. Clair attempted to interest other Black numbers bankers to join her in her fight with Schultz. They refused because they believed that Schultz had the police and the politicians on his side. When Schultz lay dying of bullet wounds in a New Jersey hospital in October 24, 1935, a telegram arrived there saying: "as ye sow, so shall you reap." It was signed, Madame Queen (Sann 1971; Thompson and Raymond 1940).

8. John Diamond

Checking the criminal files of the Identification Section for a criminal record for John Diamond failed to reveal any. The 12th District Magistrates court docket book shows that on July 26, 1926 John Diamond, Black, age 45 was arrested for violation of the policy law. This arrest is reported in the Age in that John Diamond's policy bank and

⁷New York Age (New York): 13 December 1930.

thirteen employees were arrested and charged with policy violations.

The Age alleges that Diamond was one of the biggest Black number banks in Harlem.⁸ The Age previously reported that on January 10, 1925 eighteen persons were arrested in a raid of Diamond's number bank. The 1925 arrest was made eighteen months prior to the December 1926 event and by the number of persons arrested it would suggest that Diamond was operating a large numbers bank in 1925. Diamond was credited by the police to be the first to apply modern business principles to policy bank operations. The latest model tabulating machines expert stenographers and typewriters made up his office equipment.⁹

In 1926, Diamond is alleged to be 45 years old. He is not mentioned when Dutch Schultz started to take over Harlem's policy rackets in 1930. Other information about Diamond's activities is not known.

9. Dr. William Davis

The New York Age reports: "A Harlem physician, Dr. William F. Davis of 203 West 136th Street was named by those familiar with the situation as an alleged banker in the

⁸New York Age (New York): 31 July 1926.

⁹New York Age (New York): 31 January 1925

`numbers' game, and it is asserted that so far he has had a most prosperous experience."¹⁰ No arrest record could be located in the Identification Section or the docket books of the 5th or 12th District Magistrates Court for Doctor Davis during the period 1920 to 1930. This newspaper report supports the notion advanced by both Gunnar Myrdal and J. Saunders Redding that reputable person from the Black community did use the numbers business as an investment and job opportunity. It is not saying that all number bankers were reputable persons, what it is saying is that some reputable people did use the number racket in which to invest their labor and money.

From the entrepreneur's point of view, the policy game is a sure thing to make money. The large monetary returns available in a policy bank attracted respectable businessmen, politicians, physicians, ministers and also plain "public enemies" during the 1920s and 1930s (Myrdal 1944, 330; Redding 1934, 537). People who held positions such as teachers, unemployed wives of prominent community leaders, people who would feel it a lasting shame to be arrested, were sought for employment in Black policy bank offices. The early Black policy bankers, those from respectable backgrounds, to protect their interest would employ people of reputable position to work in the policy

¹⁰New York Age (New York): 31 January 1925, 2.

bank office. The policy bank operator rationalized that this type of person would take precautions against arrests in an illicit occupation (Redding 1934, 536).

The non-criminal backgrounds of many policy participants support the notion that the typical Black policy bankers in the 1920-1930 era in Harlem did not evolve from other criminal backgrounds as did the White policy banker. It bears on the first hypothesis of this study that Harlem's Black policy bankers did not experience the same criminal development or come out of purely criminal milieu as did most White policy bankers. It demonstrates further that Black people who joined policy operations as workers were just ordinary people from the Harlem community. Policy jobs for Blacks were opportunities for gainful employment in a society that did not or would not offer them other decent job opportunities. Black number bankers drew their work force from people that were discreet and protective of their jobs and in return protected the policy operation.

10. Moe Immerman

Immerman was identified by the New York Age on June 12, 1926 as one of Harlem's leading bootleggers. A search of the Identification Section and the 5th and 12th District Magistrates Court dockets books for the 1920-1930 period indicate no arrest for Moe Immerman. By 1924, White boot-

leggers started to invest in Harlem's Clearing House policy number business.¹¹ On February 28, 1925 the New York Age reports that Immerman is planning to enter the numbers game. Immerman's interest to enter the lucrative number racket is consistent with the newspaper report that states that a deal was made with United States Attorney where if Immerman promised to get out of bootlegging business the United States Attorney would drop the cases pending against him in the Federal Court.¹²

In 1926 the New York Age identified Moe Immerman as one of a combination of Jews who seeks to monopolize the numbers game currently in the control of Black bankers.¹³ The alleged technique to be used by this combination of White bankers bares upon the second hypothesis of this study. Which suggests that Harlem's Black number bankers lost their leadership role in the policy racket during the 1920s to White policy bankers because the Black bankers lacked the necessary political and economic resources commanded by White policy bankers to fend off their intrusions into the policy rackets. This consolidation of White bankers posed a problem for the Black policy bankers. White policy bankers using their political clout with the local

¹¹New York Age (New York): 12 January 1924.

¹²New York Age (New York): 28 February 1925

¹³New York Age (New York): 12 June 1926, 1-2.

police to harass Black policy banker's collectors were able to infiltrate the Harlem policy racket.

The New York Age reports four methods used by Immerman and other White policy bankers to increase their share of the numbers business: (1) influence collectors working for Black banks to turn in their collections to them. They would pay them more commissions (2) influence merchants operating legitimate businesses in Harlem to collect numbers for them. This method of collecting numbers would cut into Black banker's street collector's business (3) pay off police not to bother number collectors who produced identification cards that identify that they are working for the combination and (4) have police harass the street collectors of the Black policy bankers forcing number players to bet with their merchant collectors.¹⁴

Connie's Inn located on Seventh Avenue and 131st Street was owned by Connie Banberger, brother-in-law of Moe Immerman.¹⁵ Jack Johnson, the prizefighter, sold his club to Connie who changed the name to Connie's Inn. The club barred Afro-Americans (Lewis 1982, 106). The club presented some of the finest Black cabaret revues in the city and catered to New York's fast set (Lewis 1982, 173). Schultz

¹⁴New York Age (New York: 7 August 1926

¹⁵New York Age (New York): 12 January 1924

is alleged to have been the club's principal investor in the early 1930s (Lewis 1982, 211).

11. Bentancourt; Fred Buchanan; Cascata; Charles Durant; Marshal Flores; Goldberg; Greenfield; Al and Sam Redd.

All the above people are identified in newspaper and literary reports as bankers in Harlem's policy racket during the 1920 to 1930 era. A search in the Identification Section and of the 5th and 12th District Magistrate Court's docket books of the 1920-1930 era for their criminal records of the above did not show any. The number of bankers this study has identified supports the notion that the game must have been very popular in Harlem during this era. It also supports the notion that Clearing House numbers were a factor in Harlem's economy.

The Age reports a policy banker named Bentancourt, a Cuban, first name not given fled Harlem with \$100,000 of player's money. He allegedly went back to Cuba with his loot. The Age report warns players that policy bankers and collectors are welshers when large sums of money are involved in payoffs, and that the gullibility of players is shown by the manner in which they entrust their money to men they know nothing about. The newspaper warns that players have no legal recourse when bankers do not pay off on hits and flee with their money. The Age in the same report

identifies two other Harlem bankers. One Cascata, first name not given, and Charles Durant, a Dominican, who is classified as second to Marcellina Cardena who is alleged to be Harlem's leading policy banker at this time.¹⁶

On September 4, 1929 Fred Buchanan was arrested in his policy bank where \$30,000 and 150,000 policy numbers are seized. Buchanan, a Black, was identified in the Times as one of Harlem's "Policy Kings" a banker in Clearing House policy numbers. He is reputed to have made as much as \$500,000 a year.¹⁷ No other information was uncovered about Buchanan's background that would aid this study.

Block (1983) identifies Marshal Flores as one of the six major Harlem policy bankers to be taken over by Schultz in 1931. In 1938 at the Hines trial, Flores, a West Indian, (Sann 1971) identified as a numbers banker by Dewey, testifies as a state witness (Dewey 1974). Goldberg, Greenfield, Al and Sam Redd are identified by the Age as White Harlem numbers bankers who attended a secret conference with Kassell and Immerman!¹⁸ Details of that conference are discussed in section 7.6. The only publicized conference attended by Black policy workers occurred when Schultz

¹⁶New York Age (New York): 19 July 1924

¹⁷New York Times (New York): 5 September 1929

¹⁸New York Age (New York): 7 August 1926

attempted to cut the commissions of the policy controllers and collectors.

In the summer of 1933 . . . Schultz . . . tried to cut the percentage of the collectors from thirty to twenty per cent. They hired a hall in Harlem and held a mass meeting, more than a thousand of them, and 2,000 numbers collectors went on strike against Schultz . . . The collectors, by the way, won the strike (Davis 1939).

12. Moe Levy

A criminal record could not be located in the Identification Section for Levy. The 5th and 12th District Magistrates Court docket book did not show an arrest for him either. In 1926, the Age reports that Levy's headquarters was raided and twenty-five customers were arrested. His headquarters served a dual purpose one where a customer could purchase illegal alcohol and play a policy number. Winning numbers if played with Levy allegedly paid a full 600 to 1. The reason for this generosity was that collectors that operated in premises controlled by White bankers were salaried employees and no ten percent tip was taken by the runner on winning bets. Levy's collectors did not work for commissions as did Black banker's street number runners.¹⁹

In June and July of 1926 the Age reports that Levy and other White bankers are attempting to crowd out Black

¹⁹New York Age (New York): 16 January 1926

policy bankers by using United Cigar Stores and other Harlem stores as number fronts. The merchants who legitimately operate these stores also acted as numbers collectors for White number bankers. The Age report alleges that the game is taking in \$75,000 daily and that the money is going to the bankers, runners, collector, police, and storekeepers where numbers are collected. The economic impact policy had upon the Harlem community is discussed in Chapter 8.

To protect their workers from arrests White bankers introduced identification cards to identify their workers with the police. These identification cards support the notion that White policy bankers had a positive political connection with the police. The Black policy bank runners were being prevented from working on the streets by the police. Harassment by the police of street policy runners forced the number players to use the store locations of the White bankers to get their number plays in.²⁰ Working out of police protected premise is an example that supports the second hypothesis of this study which states that Black policy bankers lacked the political and economic resources commanded by the White policy bankers of Harlem resulting in Blacks losing their dominance in the policy racket.

²⁰New York Age (New York): 12, 26 June 1926; 3 July 1926

The Age reports that Harlem's White policy bankers hold a secret meeting and make changes in rules for handling of collections and plays. Levy was absent from this conference, probably because he has a falling out with the other White policy bankers.²¹ Levy's problem with Kassell and Immerman did not affect his ability to join forces with other powerful underworld gangsters as Dutch Schultz, George Weinberg and Harry Schoenhaus.

Dutch Schultz, Moe Levy, George Weinberg and Harry Schoenhaus operated a policy bank in Harlem in 1929, which was a financial disaster (Block 1983, 148). Block's reason for Levy's failure in the 1929 venture was that the enterprise faced with a disastrous losing day chose to close down than pay winning players (Block 1983, 152). Sann's account of Levy's association with Weinberg in the policy racket was that Weinberg set up a policy bank in Harlem in 1929 with a small-timer named Moe Levy and went broke in it (1971, 183). There is no mention of Harry Schoenhaus or Dutch Schultz being involved with Levy in Sann's account. In the successful policy venture of the three in 1931 no mention of Levy is made. It should be noted that it was the organizational ability demonstrated by "Dixie" Davis by bringing together the variables necessary to make up the Harlem policy combination as described in Section 7.4. that continued to

²¹New York Age (New York): 7 August 1926

operate even after Schultz's death. The Davis approach did not attempt to use pressure tactics against policy runners to join the Schultz policy combination as Kassell and his associates attempted to do in 1924. The thrust Davis used was directed at the Black bankers who brought their runners with them into the Schultz policy combination. The combination controlled most of Harlem's policy numbers racket until 1937 when Dewey indicted its operators.

APPENDIX FIVE
MANHATTAN STATISTICAL AREA BOUNDARY DESCRIPTIONS

MANHATTAN BOROUGH

Area M2A.—Rivington, East River, Catherine Slip extended, Catherine Slip, Cherry, Catharins, Bowery.

Area M2B.—E. 14th, East River, Rivington, Clinton, Avenue B.

Area M2C.—E. 14th, Avenue B, Clinton, Rivington, Bowery, 4th Ave.

Area M4A.—W. 42nd, E. 42nd, 3rd Ave., E. 44th, 1st Ave., E. 34th, East River, E. 14th, W. 14th, 6th Ave.

Area M4B.—Central Park South, 8th Ave., E. 63rd, 3rd Ave., E. 64th, East River (West Channel), E. 34th, 1st Ave., E. 44th, 3rd Ave., E. 42nd, W. 42nd, 6th Ave.

Area M6A.—E. 84th, East River (West Channel), E. 64th, 3rd Ave., E. 63rd, 8th Ave.

Area M6B.—E. 98th, 3rd Ave., E. 99th, East River, E. 64th, 8th Ave.

Area M6C.—Cathedral Parkway, W. 114th, 8th Ave., E., 112th, 3rd Ave., E. 109th, East River, E. 99th, 3rd Ave., E. 98th, 5th Ave., W. 84th extended, East line-reservoir, W. 84th extended, Central Park West.

Area M8A.—Harlem River, East River, E. 109th, 3rd Ave., E. 112th, Park Ave., and Sunken Meadow Island.

Area M8B.—W. 159th, Harlem River, Park Ave., E. 126th, W. 126th, Lenox Ave., 130th, 8th Ave.

Area M8C.—W. 130th, Lenox Ave., W. 126th, E. 126th, Park Ave., E. 112th, 8th Ave., W. 110th, Cathedral Parkway, 8th Ave.

Area M10.—Randall's Island, Ward's Island, and Welfare Island.

Area M1A.—W. Houston, E. Houston, Bowery, Catherine, Cherry, Catherine Slip, Catherine Slip extended, East River, Upper Bay, Buttermilk Channel, Upper Bay, Hudson River, including Hedloe's Island, Ellis Island, Governors Island, and Oyster Island.

Area M1B.—W. 14th, E. 14th, 4th Ave., Bowery, E. Houston, W. Houston, Hudson River.

Area M3A.—W. 42nd, 6th Ave., W. 14th, Hudson River.

Area M3B.—W. 86th extended, East line reservoir, 84th extended, 8th Ave., Central Park South, 64th Ave., W. 42nd, Hudson River, W. 62nd, Central Park West.

Area M5A.—W. 86th, Central Park West, W. 62nd, Hudson River.

Area M5B.—Tiemann, Broadway, Moylan Place, Amsterdam Ave., Lawrence, W. 126th, 8th Ave., Central Park West, W. 86th, Hudson River.

Area M7.—W. 155th, 8th Ave., W. 126th, Lawrence, Amsterdam Ave., Moylan Place, Broadway, Tiemann, Hudson River.

Area M9A.—Plaza Lafayette extended, Plaza Lafayette, W. 181st, Broadway, W. 180th, Amsterdam Ave., W. 181st, Harlem River, W. 159th, 8th Ave., W. 155th, Hudson River.

Area M9B.—Harlem River, Borough line, Harlem River, W. 181st, Amsterdam Ave., W. 180th, Broadway, W. 181st, Plaza Lafayette, Plaza Lafayette extended, Hudson River.



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