

THE BUSINESS OF CRIME

Arnold Rothstein and Murder Inc.

On the evening of November 4, 1928, the police found Arnold Rothstein, reputed "czar of the underworld" and well-known "Broadway playboy and gambler," lying seriously wounded at the servants' entrance to the posh Park Central Hotel. Rothstein died several days later, at the age of forty-six, without revealing the name of his murderer. The police suspected that Rothstein had welshed on a gambling debt and was therefore killed by his angry creditors, but were never able to find the murderer. Determined to solve the case lest it reflect poorly on his administration, Jimmy Walker, Tammany Hall "jazz mayor," personally supervised the police investigation, but to no avail. For over three years, amidst growing embarrassment on the part of the administration, the police delved unsuccessfully into the circumstances of Rothstein's untimely demise; in 1932, the District Attorney was compelled to dismiss the grand jury, which had been sitting since 1928, for want of evidence. Who shot Rothstein still remains an open question.¹

The inability of the police to solve the case assumed a "political bearing" as anti-Tammany Hall forces suggested that Walker and his cronies deliberately quashed the investigation, fearing that it would reveal their ties to the underworld figure. Broadly hinting that Walker and other Tammany politicians not only socialized with Rothstein but were indebted to him as well, the anti-Walker coalition hoped to tarnish the mayor's reputation and thus defeat his chances for reelection. "Anti-administration forces," reported the *New York Herald Tribune*, "are closely watching developments in the belief that the Police Department will be the issue in the next election." True enough, the following year the unsolved murder case came to the front as "the leading issue in the municipal campaign," pitting young Fiorello

La Guardia, the Republican candidate for mayor, against the popular incumbent. Like the Rosenthal case sixteen years earlier, which had caused Tammany's defeat, the 1929 mayoral election menaced Walker's reelection. Political columnists and pundits predicted that the ramifications of the Rothstein case would "far outshadow those growing out of the Rosenthal killing."²

Walker, though, was reelected by a strikingly wide margin, a "Tammany tidal wave," one paper called it. Due to his "exceptional popularity" and with a well-oiled, "perfectly organized Tammany behind him," Walker was able to ignore La Guardia's charges that his administration was "shot through and through with graft and corruption." La Guardia, for his part, was hamstrung by the reluctance of many Republican party stalwarts to stand by their party's candidate. The Republican party, commented the *Times* in the aftermath of La Guardia's stunning defeat, "put forward a candidate who could neither hold the stalwarts nor attract the independents."³

Despite the outcome of the election, the reading public continued to be fascinated by Rothstein and his involvement with "that hidden section of life," the underworld. The politics of the case coupled with Rothstein's exploits made good copy. Rothstein's death, reported one paper, was a "thrilling mystery, full of subterranean implications"; his life, commented another daily, "reads like a sensational novel." Capitalizing on this fascination, the press featured full-page spreads on "Broadway's greatest chance maker" and in purple prose described the man and his underworld adventures. Thus, the *New York American* wrote of Rothstein:

A lust for risk vibrated in every corpuscle of his blood, but he harnessed his emotions with nerves of steel wire. When others poured liquor down their throats, he sipped a glass of water. While others smoked a cigarette continuously, he did not even chew gum. And where they crashed into profanity, he clicked his teeth and uttered at most a monosyllable.

This sort of thing did nothing to lessen public interest in the case. Indeed, it was such a *cause célèbre* that humorist Will Rogers, starring in a Broadway musical at the time, could not resist capitalizing on it. Nightly he turned to his audience and suggested that, should Rothstein's murderer be among them, he stand up and take a bow!⁴

Perhaps equally as fascinating or intriguing as the identity of Roth-

stein's murderer (or his motives for killing the well-known underworld figure) were the extent and variety of Rothstein's business interests. His financial dealings had been with a wide range of people: bootleggers, real estate developers, narcotics dealers, theatrical producers, socialites, and labor leaders—even common criminals. Rothstein possessed an "unbounded range of acquaintances," commented one contemporary, while another noted that Rothstein "carried on an existence with so many weird ramifications." With his good looks, polished manners, and "abundant personal charm," Rothstein moved easily in the upper echelons of New York's society. He was, one daily reported, "the pet of society people." He moved with equal fluency among the underworld; "Legs" Diamond and Waxy Gordon were among his associates. Then, too, Rothstein blurred the social and financial boundaries of the upper and underworlds through his business activities. He backed a number of highly profitable but perfectly legitimate real estate deals, and also one of the earliest attempts at rumrunning in the United States. Moreover, he was believed to be a power broker or, as the *Jewish Daily Forward* put it, a "shtadlan." "Wielding a power comparable to that of princes and potentates," Rothstein was sought out by politicians eager for reelection, theatrical producers in need of financial angels, garment manufacturers in trouble with the unions, and criminals in need of bail money.⁵

Rothstein's ability to move comfortably in both café society and the underworld distinguished him from most of his Jewish predecessors, tied to an exclusively Jewish environment. In many respects, Rothstein's career belongs more to the general history of American crime than to its particularly Jewish aspects. Rothstein was a "Jewish criminal" only by virtue of his origin. He neither derived his illicit income from the Jewish economy of New York nor for that matter were his business associates and friends largely Jewish. Unlike most contemporary Jewish members of the underworld, who lived among other Jews, Rothstein resided at 912 Fifth Avenue and had little, if any, connection with New York's organized Jewish life. It is one of the ironies of Rothstein's life that at the behest of his father, Abraham Rothstein, a leading Orthodox Jew, he was given a fully traditional Jewish burial. More telling still was that few people saw him as a Jewish criminal. "The typical East Side gangster," reported *Reflex* magazine shortly after Rothstein's death, "is a thing of the past." Unlike, say, a Rosenthal or a Zelig—two representative, typical East Side gang-

sters—Rothstein was seen as an American criminal, an heir to the tradition of gentlemen-gamblers and playboys like Jack Kelley and Dick Canfield. It was surely no coincidence that at the time of his death, the *New York Times* likened Rothstein to John Oakhurst, Bret Harte's fictional all-American gambler and man-about-town, "always a notable man in ten thousand." Commenting on the late gambler's career and, incidentally, on the mysterious way he had met his death, the paper wrote that Rothstein was very much in "the Oakhurst tradition."⁶

Rothstein's career marked the passing of one era of crime history and the beginning of another in other respects as well. As the *New York Herald Tribune* observed, he belonged to a new class of criminals, a "Brahmin caste," whose exploits were a far cry from those practiced a generation earlier. "He led crime into the business era," Rothstein's biographer notes; "he change[d] crime from petty larceny into big business." The underworld leader, observed still another student of the underworld, "coordinated the activities of criminals in almost every branch until crime became a 'big business.'" To be sure, Rothstein was not the first to have organized his followers along hierarchical lines, or to have made large and continuous profits from illegal enterprise. His contribution to the structure (and the history) of the underworld lay rather in his almost unparalleled ability to bring these, and other, trends into sharper focus. With a flair for business and business organization, Rothstein transformed criminal activity from a haphazard, often spontaneous, endeavor into one whose hallmarks—specialized expertise, administrative hierarchy, and organizational procedure—corresponded to the classic sociological model of a bureaucracy. Thus, Rothstein's illegal business had a definite administrative structure based on specific skills; competence and not ethnic pedigree determined one's rank and, of course, one's position, in his outfit. Though ethnically heterogeneous gangs predated Rothstein, one or another ethnic group stood out; Dopey's gang, for example, had a sprinkling of non-Jewish members but remained largely Jewish. Among Rothstein's followers, however, no particular ethnic group predominated. Furthermore, Rothstein's office, centrally located on West 57th Street, in the heart of the midtown business district, employed a staff comparable with that of any large (and legitimate) commercial firm, replete with secretaries, bookkeepers, and legal counsel. Decision making, too, attained a degree of rationality not much evidenced before in the underworld. A decision to enter some new illegal venture tended to be based not on per-

sonal motives of revenge or power but on strictly commercial considerations: the amount of profit to be made and the length of time it would take to make it. Finally, by investing the money he earned through illegal channels into legal enterprises such as real estate and the theater, Rothstein made it difficult to ascertain where the illegal enterprise left off and the legitimate one began. Rothstein himself, it is worth noting, was the very model of a bureaucrat. Affable yet distant, he subordinated his personal interests, sacrificing even his marriage, to build a vast business empire. Ultimately, Rothstein succeeded in professionalizing the underworld and thus laid the groundwork for what would become known as "organized crime."⁷

Rothstein was an unlikely candidate for one of New York's most stellar criminals. The son of wealthy and much respected New York Jews, pillars of the Upper West Side's Orthodox Jewish community, Rothstein, commented the *Times*, was "headed for a safe success in his father's dress business." Yet, "with the strange restlessness of the malcontent," he turned to crime. While a teenager at the turn of the century, Rothstein frequented the stuss parlors and poolrooms of the Lower East Side and was befriended by habitués Monk Eastman and Herman Rosenthal. Through them he became acquainted with Big Tim Sullivan, Tammany Hall leader and political boss of the Lower East Side, and soon was a regular at Big Tim's Second Avenue headquarters. Sullivan, it is alleged, was so impressed by Rothstein's mental agility that he took the well-groomed young man under his wing and personally trained him in the art of gambling. At first Rothstein served as a runner and collector of bets for several local bookmakers, but he quickly graduated to placing bets on his own. His gambling talents, or, as the *Tog* once put it, his "*ma'alehs*," were so marked that in 1909, at the age of twenty-five, Rothstein opened a gambling casino on West 46th Street. Located in the heart of the Tenderloin area, a hitherto non-Jewish neighborhood and one commonly believed to be off limits to ambitious Jewish gamblers, Rothstein's establishment, virtually alone among the few Jewish casinos in the area, operated free from political and police interference until 1912.⁸

In the summer of that year, after Rothstein's less successful colleague Herman Rosenthal had been murdered, many of the city's gamblers, among them Rothstein, became fearful of reprisals and shut down their gaming establishments. Rothstein, though, quickly rebounded from what could have been a financial disaster by devising floating crap games

as a substitute for the stationary gambling parlor. Later, after reform ardor had cooled, Rothstein returned to the covert operation of plush and remunerative gambling parlors. By attracting a sophisticated and worldly crowd and thanks to his own considerable personal charm and flair, Rothstein earned between three and four million dollars from his casino; he also earned himself the sobriquet of "king of the gamblers."⁹

Indeed Rothstein's expertise and fame as a gambler were so great that the mere use of his name was enough to convince eight disgruntled members of the Chicago White Sox baseball team to "throw" the 1919 World Series in return for a bonus of one hundred thousand dollars. Rothstein had been approached initially by agents of the ballplayers and asked to participate in the swindle, yet he had refused; why, we do not know. Undaunted, the professional gamblers masterminding the "Black Sox" scandal pretended they were working on Rothstein's behalf and therefore succeeded in convincing the ballplayers to proceed with the scheme. It was subsequently discovered. Despite Rothstein's repeated and heated denials of any complicity, the press charged him with "fixing the World Series," a charge picked up and embroidered upon by America's leading anti-Semite, Henry Ford. In articles with titles like "Jewish Gamblers Corrupt American Baseball" and "The Jewish Degradation of American Baseball," the inventor accused Rothstein of corrupting the quintessential, innocent, national pastime. "The Jews," he wrote in his *Dearborn Independent*, "are not sportsmen." Nevertheless, they were heavily involved in sports. "The Jew saw money where the sportsmen saw fun and skill. The Jew," he continued, alluding to Rothstein, "set out to capitalize rivalry and to commercialize contestant zeal."¹⁰

Discomfited by the unexpectedly negative play the press (and Ford) gave him in the wake of the 1919 World Series, Rothstein, in a rare public interview, announced his retirement from the world of gambling. "The unwarranted use of my name in this unfortunate baseball scandal," he explained, "was the last straw. It is not pleasant to be a social outcast . . . I am heartily sick and tired of having my name dragged in on the slightest provocation . . . and henceforth will devote myself to the real estate business and to my racing stable." Journalists intimated that Rothstein's retirement marked the end of his career as one of New York's most colorful and successful criminals. Yet during the next eight years, from 1920 until his death in 1928, Rothstein par-

layed the vast revenues he had earned from gambling into real estate, insurance, and other numerous illegal ventures as well; these were his most lucrative years. Indeed, it was during the 1920s that Rothstein emerged as the "czar of the underworld."¹¹

Rothstein's ability to "bankroll" or finance illegal business ventures requiring large amounts of capital was perhaps the major source of his power. Lloyd Morris called him the "Morgan of the underworld, its banker and master of economic strategy." Thus, shortly after Prohibition took effect, Waxy Gordon came to Rothstein with a plan for importing liquor from England. "Grasp[ing] the potentialities of Prohibition," Rothstein warmed to the idea and immediately arranged for associates in England to buy liquor for him. He then bought boats to transport the "liquid gold" from overseas and trucks to transport it inland, and finally distributed the liquor to restaurants and nightclubs in which he had a financial interest. Though this initial investment yielded large dividends, Rothstein soon decided to limit his bootlegging activity to financing others. Accordingly, Rothstein provided one of his former employees, Jack "Legs" Diamond, with capital to buy trucks, weapons, and personnel in return for a portion of the profits.¹²

At about this time, Rothstein reportedly realized that the narcotics business had even greater profit-making potential than bootlegging. Unlike the latter enterprise, which was highly competitive and which tied up large sums of capital over relatively long periods of time, trafficking in narcotics was thoroughly unorganized and yielded a quick return on one's investment. Thus, in the early 1920s, Rothstein began to buy and sell drugs. Much as he had organized the various stages of bootlegging into a well-coordinated operation, he consolidated the various phases of the narcotics trade, sending associates Yasha Katzenberg and "Dapper Dan" Collins overseas to Europe and Asia to buy the drugs, then hiring the young and ambitious Charles "Lucky" Luciano to sell them to retailers in New York, Chicago, St. Louis, and Kansas City. By 1927 United States Attorney Charles Tuttle could report that the "entire dope traffic in the United States is being directed from one source: Arnold Rothstein."¹³

Rothstein did not limit himself to providing Americans with illicit forms of pleasure. He was also involved with labor racketeering, especially in the needle trades: authorities believed he had supplied both the union and the bosses with their respective "balagoulas." After

Rothstein's demise, much more of his dealings, particularly with the Communists, became known. On November 17, 1928, in what must have been a journalistic scoop of the first order, the Socialist *Jewish Daily Forward* published a letter written by the erstwhile gambler in December 1927 to Julius Portnoy, a Communist party official and secretary of the Cloak, Suit, Dress, Skirt and Reefer Makers' Union. Portnoy had sent the underworld figure a check "for services rendered." Rothstein, who intensely disliked being in the limelight, wrote to Portnoy asking him to omit the phrase "for services rendered" in future communications. "It does not look very good for me," Rothstein is supposed to have said. The *Forward* gleefully pointed to this exchange as concrete proof that Rothstein had worked in tandem with the Communists in 1926, supplying them with goons and financing their activities as well.¹⁴

Its rival, the Jewish Communist newspaper *Freiheit*, glibly dismissed the accusation. "Only a yenta newspaper like the Jewish Daily Forward," it wrote, "would make political capital out of what is a kosher issue." Explaining that its ties with Rothstein were strictly financial, the paper described how, at the time of the internecine conflict, it was financially strapped and therefore turned to Rothstein for a loan. When pressed by the *Jewish Daily Forward* to explain why the Communists had sought Rothstein's assistance in the first place, rather than that of a legitimate lending institution, the paper breezily replied that Rothstein had given them the best terms. Day after day, for nearly two weeks, the *Jewish Daily Forward* taunted the Communists for their "moral bankruptcy." Insisting that "Rothstein was the dictator of the Communist faction," the Socialist paper demanded a full account of the Communists' dealings with the underworld figure. The Communists, however, refused to oblige, retorting that the newspaper's charges were "sour grapes," the result of having been bested by the Communists several years earlier in 1926.¹⁵

Though the exchange between the two factions became increasingly scurrilous, the charges and countercharges do not appear to have been mere fabrications forged in the heat of political passion. Reports substantiating Rothstein's collusion with the Communist-led ILGWU are widespread. Shortly after his death, the metropolitan press reported that the underworld czar had supplied the Communists with goon squads, even going so far as to buy police protection for them. The *New York World*, for instance, boldly suggested that the canny Roth-

stein had "played both sides against the middle," by supporting both the Communist-dominated ILGWU and the bosses in the hopes of ultimately neutralizing the two sides and thus gaining control of the entire industry. Moreover, at its 1928 convention, the General Executive Board of the ILGWU unhesitatingly charged Rothstein with having acted as "mediator" at the time of the 1926 strike. "Arnold Rothstein," the ILGWU leadership stated, "had been chosen by three men [among them Charles Zimmerman], without even consulting the advisory board of the General Strike Committee to whom they were responsible. This 'mediator,' Arnold Rothstein, so far as we knew, had at no time been identified with any movement of a public or labor nature. Certainly there was nothing in his career to resemble any of the previous mediators and arbitrators in our industry—Louis D. Brandeis, Hamilton Holt, Dr. Felix Adler. . . ." And yet, he had been acting for six entire weeks as a mediator between the opposing sides! Once again, the oral history reminiscences of Charles Zimmerman shed some light on this curious but by no means unimaginable episode. Whether acting independently or at the behest of his father, who had assumed an important role in effecting a rapprochement between management and labor, the younger Rothstein, it seems, "began interfering . . . to bring about a settlement," appearing at various negotiating sessions and using his considerable connections to end the enervating strike. "As I said," Zimmerman related, "we had these negotiations. It was most likely our stupidity in permitting Rothstein to come. . . . How it came about . . . I don't recall the details. . . . but I know everybody felt unpleasant. I found out afterwards."¹⁶

"In his own way," writes Irving Howe of Arnold Rothstein, "he was still another Jewish boy who had made good." Indeed, like so many of his Jewish contemporaries, Rothstein took advantage of the right business opportunities—in labor negotiations, in real estate, and in rumrunning—to make both a fortune and a name for himself. Yet if the czar of the underworld aspired to upward mobility with as much determination as his coreligionists, he did so, as Howe says, in his own way. Rothstein's vehicle of social ascent—crime—lay clearly outside the precincts of the New York Jewish community of the interwar years. Moreover, by coordinating and consolidating various aspects of the underworld, from gang life on its most elementary level to sophisticated and complicated business deals, Rothstein emerged as the

"guiding hand" of the underworld, the person largely responsible for putting crime "on a corporate basis."¹⁷

Murder Inc. inherited many of Rothstein's legacies. A combination of second-generation Jews and Italians, the Brownsville gang for most of its history worked quietly and professionally behind the scenes, lending money, operating bookmaking establishments, and racketeering; the wholesale commission of murder that earned the gang its "indelicate name" was a much later development. Yet even when deliberately engaging in murder, Murder Inc. gang members proceeded along strictly defined and rational, indeed businesslike, lines, carefully orchestrating every detail of the effort. On the surface, though, Rothstein and the Murder Inc. gang members had little in common: Rothstein was as suave and polished as Murder Inc. was coarse and unfinished; Rothstein was *soigné* Manhattan, Murder Inc. lower-class Brooklyn. Despite these external differences, the two together represented a new cultural generation of American Jewish criminals, one with fewer ties to New York's Jewish community. Murder Inc. was composed of an ethnically heterogeneous band of followers; its illicit activities had little to do either with the economy of the Jewish neighborhood in which it was headquartered or, for that matter, with its Jewish residents. It could have taken root anywhere; little bound it to the identifiably Jewish neighborhood of Brownsville, the "Jerusalem of New York." Murder Inc., explained Burton Turkus, the Brooklyn assistant district attorney responsible for prosecuting the group, "has been seen incorrectly as a Brooklyn group . . . Murder Inc. was about as peculiar to Brooklyn as the hot dog." Furthermore, neither Rothstein's activities nor those of Murder Inc. became modal Jewish behaviors; each, in its own way, represented the "tail end" of the Jewish underworld. Thanks to his considerable abilities, Rothstein was able to lay the foundation for many of the institutions that characterize organized crime today. Yet his unique combination of talents was such that the "Brain" (as Damon Runyan called him) had neither peers nor heirs; although many criminals, including the members of Murder Inc., learned a great deal from him, ultimately Rothstein must be seen as idiosyncratic. Similarly, while it is tempting to see Murder Inc. as the advance guard of a future generation of gun-toting Jewish criminals, criminality has all but disappeared as a Jewish social problem. Several Jewish gangsters like Meyer

Lansky and Bugsy Siegel were to play a significant part in the development of the post-World War II underworld, but they were soon outnumbered by Italians who during the 1940s and 1950s came to occupy leadership positions in the nation's criminal enterprise. Rothstein and Murder Inc., then, were anomalies, signifying the "last hurrahs" of the Jewish criminal experience.¹⁸

In January 1940, William O'Dwyer, a former Brooklyn county court judge and policeman, took office as Kings County district attorney, vowing to rid the borough of its criminals. Singling out Brownsville as one of Brooklyn's more dangerous neighborhoods, which had "spawned more gangsters and criminals than any other section of the city," the Irishman embarked upon a cleanup campaign to rival that of Tom Dewey's across the river. Before he began to "sweep" criminals off Brooklyn's streets, however, O'Dwyer made sure to add that the activities of Brownsville criminals were in no way a "reflection upon the people as a whole."¹⁹

"The people"—the Brownsville citizens to whom the district attorney referred—were largely working class and foreign-born Jews. A throwback to the immigrant enclaves of the prewar period, Brownsville, writes Deborah Dash Moore, was a "miniature East Side." Both housed a multiplicity of Jewish social, fraternal, and religious institutions; life in that northeastern corner of Brooklyn, one of its residents recalled, was akin to "living in a world all Jewish." It also resembled the Lower East Side in possessing crowded tenements, a relatively unstable economic base, and a Jewish criminal element.²⁰

As part of his cleanup campaign, O'Dwyer had his staff reopen previously unsolved murder cases. While investigating the murder of Red Alpert, a petty Brooklyn hoodlum, evidence was discovered that Alpert had been murdered by Abe "Kid Twist" Reles and Martin "Bugsy" Goldstein, allegedly "two of the most important leaders in the city's underworld." Taking what he called a "wild chance," the District Attorney presented his evidence to the grand jury, which indicted Reles and Goldstein on first-degree murder charges. What began as an investigation into a seemingly routine murder developed into one of the most startling chapters in the history of American crime. Turning state's witness, Reles described the activities of his colleagues, the members of Murder Inc., over a ten-year period, accounting for as many as eighty previously unsolved murder cases in Brooklyn, Manhattan, and Sullivan County. In testimony that filled

twenty-five stenographic notebooks, Reles linked leading racketeer Lepke Buchalter and waterfront czar Albert Anastasia to the Brownsville gang and through his testimony helped to convict Lepke of the murder of former garment trucker Joseph Rosen. Recalling the chain of events leading up to the execution of Lepke Buchalter, O'Dwyer noted that everything had moved so quickly his staff "didn't even have their feet under the desk."²¹

Given to "swaggering and bullying," to wearing flashy clothes and gaudy jewelry, Reles maintained an "air of importance" as the boss of the Brooklyn gang. With a decided penchant for carrying large amounts of cash and an equally pronounced penchant for displaying it, Reles liked to think of himself as a direct descendant of Kid Twist, a showy and tough prewar Jewish *shtarke*. Like his hero, Reles had had a long and busy criminal career. When indicted by O'Dwyer in 1940, he had previously been arrested forty-four times on charges ranging from burglary to homicide. After graduating from eighth grade in 1920, Reles became a delivery boy and worked at a succession of ill-paying jobs. While in his late teens, he became a pressman and worked for a printer. When his employer went bankrupt, Reles took to the streets and, as one law enforcement agent put it, "chose to pass his leisure time, of which he had plenty," in a Sutter Avenue poolroom. The poolroom or poolhall was the common meeting ground for Brooklyn youth and the fringe element of society. One former Brownsville resident, himself a frequent poolroom visitor while an adolescent, recalled that his favored haunt, Label's poolroom, was a surrogate home. There he would socialize and gossip with his friends; it was also a place to find "someone to break a head, beat up a guy, break a strike, buy junk, set a fire, plan a robbery or muscle a pedlar." It was in such a setting that the unemployed Reles met and became friendly with "Bugsy" Goldstein and Harry "Pittsburgh Phil" Strauss—men who, like himself, were in their early twenties, native-born American Jews, and out of work; in addition, all three possessed substantial arrest records, about which they often publicly boasted.²²

In the spring of 1930, Reles and his chums, after discussing ways of making an "easy dollar," decided to go into the business of supplying candy stores and poolrooms with pinball machines. After installing the machines, Reles, Goldstein, and Strauss planned to charge a monthly rental fee and a small maintenance charge as well as to receive a share of the machines' earnings. Yet one factor stood in their way of financial

success: the pinball racket was controlled by the Shapiro brothers—Irrving, Meyer, and Willie—overlords of much of Brownsville's criminal activity, including prostitution and bookmaking. Determined to wrest at least part of the pinball operation from the Shapiros, Reles and his partners joined together with a small group of Italian petty criminals from the adjacent Ocean Hill section of Brooklyn whose leaders were Happy Maione and Frank "The Dasher" Abbando, and laid plans to compete with the brothers Shapiro. There was an unexpected bonus in the formation of the so-called Combination: the elder brother of George DeFeo, one of the Maione gang members, was friendly with the underworld's leading supplier of pinball machines. Interceding on behalf of the Brownsville organization, William DeFeo, George's brother, received permission from "Louis the Wop," reportedly the person "in charge of the pinball department" of the underworld, to enter the business. Furthermore, Louis supplied the pinball machines on credit to the new partnership. "With these advantages," one police official observed, "the partnership began to make inroads on the territory before monopolized by the Shapiros."²³

Buoyed by their success, the Combination entered the loan-shark business, also a former Shapiro stronghold, insisting that local Brooklyn loan sharks place them on their payroll. One Brooklyn "shylock" related that, upon learning of the success of his business, the Combination demanded a share of the profits. "They wanted to have a percentage of the income," Seymour Magoon testified. "We had an understanding with them, either 50-50 or 60-40 . . . and we hooked up with them." As more and more loan sharks like Magoon and his partner "hooked up" with the Combination, threatening the hegemony of the Shapiros, the three brothers became increasingly angry. "Quite naturally," reported the police, "friction arose between the rival gangs. The Shapiro's [*sic*] resented the newcomers and their quick success." This resentment grew so fierce that Irving Shapiro decided to end the growing competition between the two gangs by killing the members of the Combination. On June 11, 1930, Shapiro and several of his associates killed George DeFeo and seriously wounded Reles and Goldstein. In retaliation, the Combination murdered first Meyer, then Irving, and finally Willie Shapiro. By 1931, its domination of much of Brooklyn's loan-shark, bookmaking, and extortion operations was complete; the gang, commented the *Times*, "shot its way to the top." From its modest headquarters at Midnight Rose's candy store, on the intersection of

Livonia and Saratoga Streets, Reles and his fellow gang members developed a sophisticated system of moneylending, receiving \$6 for every \$5 borrowed. With a "desirable" and ethnically mixed clientele of "doctors, lawyers, dentists, undertakers and other professional and business men of some account . . .," the Combination earned thousands of dollars a week from its loan-shark activities; Magoon himself netted a substantial \$500 a week "clear profit"! To qualify for a "loan," borrowers had to give Reles a series of post-dated checks totaling the amount borrowed plus interest to be paid out in installments. A delinquent borrower left himself open to the charge of passing worthless checks or, worse still, to a fierce beating.²⁴

Following the death (killing?) in 1935 of a minor Jewish racketeer named Joey Amberg, Reles and his colleagues further developed their roster of enterprises, inheriting some of the "spoils" of the deceased racketeer and adding to them as well. "We had the book-making business and a couple of unions," Reles recalled. "We had the . . . dress end of the garment industry in Manhattan; we had the fruit market union on Osborne Street. We had the van movers and we had the painters for a while too, and the luncheonettes and the restaurant union, and part of Local 138 of the Truckmen's Union and the Retail Clerks and Plumbers Union." In each case, Reles followed the pattern of racketeering established years before by Lepke: strongarming and demanding "tribute."²⁵

The gang's growing financial success cemented the ties between its Jewish and Italian members. Though Reles and his Jewish confreres continued to celebrate Jewish holidays like Passover—a particular favorite—and to mark rites of passage like the *bar mitzvah* with elaborate parties, they probably had far more contact with non-Jews than most of their coreligionists. For one thing, the Jewish and Italian members of the gang worked side by side on a daily basis, physically molesting tardy borrowers and stubborn union leaders. Moreover, the gang took its orders from Albert Anastasia, a leading Brooklyn underworld figure. Reles was the nominal head of the Combination, commanding the loyalty and directing the activities of the dozen or so "troops." Yet he himself deferred to Anastasia, proudly calling him "my boss." An illegal Italian immigrant who had smuggled himself into the United States in 1917, Anastasia began as a longshoreman on the Brooklyn waterfront, ultimately becoming its labor czar. At precisely what point he assumed control of the Combination's operations is not clear; by 1940,

though, he was thought to be "the boss of the different mobs in Brooklyn." Together with Louis Capone, Anastasia's personal representative, Anastasia served as the "buffet man [*sic*] between the Italian Maione gang and Reles, keeping them in balance." His position, of course, was far more than just peacekeeper: he also planned many of the Combination's activities and shared in its considerable profits. For another thing, the Jewish and Italian members of the Brownsville gang both earned and broke bread together. The reports of the police and District Attorney's office surveilling the Murder Inc. members are replete with details of social get-togethers patronized by both Jews and Italians. Lucky Luciano, Albert Anastasia, Louis Capone, and other major underworld figures attended the *bar mitzvah* of Lepke's adopted son, Harold; Capone customarily celebrated New Year's Eve with Charles Workman and Allie Tannenbaum, two of the gang's premier "enforcers"; Workman invited many underworld personalities to the *bris* (circumcision ceremony) of his son. Enhancing the polyglot complexion of the Combination was its association with Lepke; the ties between the two gangs were fluid and many. In addition to socializing together, some members of Lepke's outfit worked as strongarm men for Reles; Workman and Tannenbaum, for example, were on both Lepke's and Reles's payrolls. Moreover, one gang would often assist the other in extorting money or beating up recalcitrant merchants, borrowers, or union leaders. "We did favors for them," Reles recalled, "and they, in turn, returned the favors."²⁰

Indeed, it was through Lepke that the Combination became known as a gang whose members coolly murdered "for hire." Reles first met the garment racketeer in 1932 when he provided him with several "shtarkes." "There was some kind of dispute," Reles wrote, "and we had to go straighten it out." Apparently the two men did not meet again until 1937 when Lepke was in hiding from Thomas Dewey. The Combination then helped the fugitive in securing various houses of refuge. Louis Capone, according to one police report, "took the leading part" by arranging with a cousin, the owner of a Coney Island recreational facility—the Oriental Danceland—to hide Lepke. Furthermore, during the two years in which Lepke hid from federal and state authorities Reles visited him in his hideout on an average of twice a week, informing him of local political events and of potential dangers. By 1938, Reles had become Lepke's "contact man," the person "through whom Lepke's visitors came to see him." At these secret meetings,

Lepke and Reles, joined periodically by Anastasia, planned the murders of former Lepke employees and business associates who threatened to inform against the labor racketeer. Using guns provided by Anastasia and following carefully orchestrated plans, the members of the Combination killed anywhere between sixty and eighty persons at Lepke's behest. This "wholesale murder by contract" earned the gang its infamous nickname—Murder Inc.²⁷

The invention of Harry Feeny, a reporter for the *New York World Telegram*, the name reflected the businesslike quality of the gang's murderous forays; there was nothing spontaneous or haphazard about them. When asked by O'Dwyer what business he was in, Reles replied matter-of-factly, "the murder business." The circumstances of the Albert "Plug" Shuman murder—the careful attention to detail on the part of the murderers and the professional manner in which the crime was executed—serve as a case study of Murder Inc. methods. Disturbed to learn, early in 1938, that Shuman, one of Lepke's strongarm men, had been talking to Dewey, Lepke ordered Reles to kill the disloyal gunman or, as Lepke put it, "to take him out." After receiving Anastasia's imprimatur, Reles set about mapping strategy. First he canvassed the city in search of a "good spot" for the murder. After finding one—on Rockaway Parkway near Linden Boulevard—Reles hired Irving "Knadles" Nitzberg, a Bronx bookmaker and occasional killer, who knew Shuman, for the job. Following dinner with Shuman at Dubrow's, Nitzberg suggested that the two go for a drive. As they drove down Rockaway Parkway, Nitzberg shot the unsuspecting Shuman, abandoned the body and the car (which had been stolen, of course), and waited for Reles to pick him up at a prearranged location. After Reles met Nitzberg, the two drove to a point overlooking Jamaica Bay where they disposed of the gun. It was not until years later that the crime was discovered.²⁸

Reles's position as Lepke's "go-between" and his nearly infallible memory ultimately proved to be Lepke's undoing. On the basis of Reles's testimony, the labor racketeer was convicted in 1941 for the first-degree murder of Joseph Rosen. While interrogated by the police in the spring of 1940, Reles described how Lepke had paid him and several of his gang members to murder Rosen. Thanks to this testimony, the state successfully prosecuted Lepke and electrocuted him for this crime. Reles's testimony also provided the state with the evidence to sentence his two long-time partners, "Bugsy" Goldstein and Harry

"Pittsburgh Phil" Strauss, as well as Happy Maione and Frank Abbando, to the electric chair; fifty others were given lengthy prison sentences.²⁹

Like his colleagues, Reles came to a sorry end. While under police surveillance, Reles was found dead in November 1941 on a ledge of the Half Moon Hotel in Coney Island. Some believed it was suicide, others a failed escape attempt; still others contended that Reles had been silenced by Anastasia lest he implicate the labor czar in criminal activities. Though theories abounded as to the cause of the gangster's sudden demise, this murder, like the one a generation earlier, was never solved.³⁰

FROM BROOME STREET TO FIFTH AVENUE

The Interwar Years

Despite the intense glare of publicity surrounding Arnold Rothstein and, later, Murder Inc., the general public refrained from branding New York Jewry as an underclass with collective and distinct criminal tendencies, as it had done a generation earlier; it seemed to be able to distinguish between the individual Jewish criminal and the Jewish community. Occasionally, detractors of the Jews like Henry Ford mistook the existence of a Rothstein as representative of a larger class of Jewish criminals. In his unabashedly anti-Semitic *Dearborn Independent*, Ford frequently published pictures of gangsters and labeled them "Jewish types." Yet most of the inventor's contemporaries failed to subscribe to the stereotype. Jewish criminality, they knew, was not the glaring social problem it had been prior to World War I. Rothstein, Waxy Gordon, and Murder Inc. notwithstanding, Jewish criminal activity had declined substantially in the aftermath of the Great War; formerly Jewish enclaves of crime like arson, horse-poisoning, pickpocketing, and prostitution had virtually withered away. Fewer and fewer Jews turned to crime as a vehicle of upward mobility during the interwar years; those few who elected to become (or to remain) criminals occupied select positions of power within the underworld but their influence was disproportionate to their numbers. "Within a comparatively few years," observed Ernest Coulter, a former court official, in 1931, "there has been a drop in delinquency and criminality among them [the Jews] almost beyond belief." The number of Jewish prisoners, he added, "is sinking to practically a negligible quantity."³¹

The percentage of Jews arrested during the interwar years was indeed "sinking." From constituting an all-time high of close to one-quarter of all persons charged with felonies in New York County on

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