

ISLAND EMPIRE: THE INFLUENCE OF THE MACEO FAMILY IN GALVESTON

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From the 1920s until the 1950s, brothers, Sam and Rosario Maceo, ran an influential crime family in Galveston, Texas. The brothers' success was largely due to Galveston's transient population, the turbulent history of the island, and the resulting economic decline experienced at the turn of the 20<sup>th</sup> century. Their success began during Prohibition, when they opened their first club. The establishment offered bootlegged liquor, fine dining, and first class entertainment. After Prohibition, the brothers continued to build an empire on the island through similar clubs, without much opposition from the locals. However, after being suspected of involvement in a drug smuggling ring, the Maceos were placed under scrutiny from outside law enforcement agencies. Through persistent investigations, the Texas Rangers finally shut down the rackets in Galveston in 1957. Despite their influence through the first half of the 20<sup>th</sup> century, on the island and off the island, their story is largely missing from the current literature.

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## CHAPTER 1

### INTRODUCTION

Since the beginning of the 1900s, organized crime families have played a significant role in American society. However, organized crime groups are not a modern invention. Such groups have been around for centuries, and they can be found throughout multiple cultural groups. What most Americans consider to be organized crime is synonymous with the term “mafia.” It has been argued that the term “mafia” and “La Cosa Nostra” did not come into use until the middle of the 20<sup>th</sup> century. Nevertheless, while these terms may not have been in use prior to that point in time, the criminal activities that are associated with these types of groups had already proven to be prevalent in many different locations.

The American Mafia can be traced back to the southern Italian island of Sicily. In general, the groups’ formation was the result of the oppression and legal insecurities perpetuated by outside governments in southern Italy. There were various foreign leaders who took control of the area prior to the 20<sup>th</sup> century. Typically these foreign rulers failed to meet the needs of Sicilians. As a result, landowners reached out to criminal groups, who promised to protect their land and assets. Over time, these groups received compensation from the elite groups for the services they provided. They also received support from local churches, because even the religious leaders recognized the good these groups brought to their communities.<sup>1</sup>

When there was a large influx of immigrants into the North American port cities, these groups brought with them their history of organized crime. When faced with the

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<sup>1</sup>Stephen L. Mallory, *Understanding Organized Crime* (Massachusetts: Jones & Bartlett Learning, 2012), 110-111.

same social and financial disabilities as they had experienced in their past location, they resorted to similar organized activities. As Stephen L. Mallory explains, many major American cities suffered from unemployment and overcrowding due to extremely high numbers of incoming Europeans. These conditions forced Italians back into their old business of organized crime. In fact, Mallory goes so far as to assert that all organized crime with Italian roots in the United States can be traced back to Sicily.<sup>2</sup>

Although organized crime is not limited to port cities, these locations were largely associated with crime families at the turn of the 20<sup>th</sup> century due to the high number of immigrants entering such communities. New York and New Orleans were among the most saturated by organized crime.<sup>3</sup> Yet while organized crime families also infamously controlled inland cities such as Chicago, smaller port cities such as Galveston were among the most affected by the incoming crime families. Because of its high rates of European immigrants, Galveston was sometimes referred to as the “Ellis Island of the West,” a distinction that had both good and bad perspectives.<sup>4</sup>

Galveston is and has been a unique city in Texas. Today, it appears to be nothing more than a tourist location, popular for weekend getaways. However, the city has a rich history dating back to the landing of the first European explorers. The many inhabitants of the island have experienced the highs and lows of living on a tiny island. Galveston lies in the path of Mother Nature, a fact that has cost the town millions of dollars, as well as thousands of lives. Of course the island’s isolation from the mainland

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<sup>2</sup> Ibid., 19-20,110.

<sup>3</sup> Ibid., 19.

<sup>4</sup> Bernard Marinbach, *Galveston: Ellis Island of the West* (Albany: State University of New York Press, 1983), xii-xv.



has also proven to have its advantages. This detail led to some of the island's most exciting years.

As Paul Burka has explained, Galveston is built upon a long sandbar island.<sup>5</sup> This meant that the island was not protected from the ocean's surge or the storms that rolled in from the sea. This was unique in the fact that no other port city in the United States was established on a sandbar island, particularly because of the risks such a location would pose. Instead, sandbar islands have frequently hosted resort cities, as seen with Miami Beach and Atlantic City.<sup>6</sup> Nevertheless, Galveston was considered to be an ideal natural harbor. During the early 1800s, the island was settled and named as a territory of Mexico. Shortly afterward, it came under the control of the Republic of Texas.<sup>7</sup>

After establishing itself as a city in 1838, Galveston quickly made a name for itself. Between 1838 and 1860, ten wharves were established on the island.<sup>8</sup> The island's position as a port was already proving to be the strongest economic asset for the city.<sup>9</sup> As historians Patricia B. Bixel and Elizabeth H. Turner explain, the island's only concern was a couple of sandbars, which created obstacles for ships coming to and leaving the port. However, after Galveston's Deep Water Committee allied with the U.S. Army Corps of Engineers in 1889, the harbor was deepened, alleviating the

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<sup>5</sup> Paul Burka, "Grande Dame of the Gulf," *Texas Monthly*, December 1983, accessed June 16, 2013, <http://www.texasmonthly.com/content/grande-dame-gulf>.

<sup>6</sup> Ibid.

<sup>7</sup> David G. McComb, *Galveston: A History* (Austin: University of Texas Press, 1986), 42-44.

<sup>8</sup> Patricia Bellis Bixel and Elizabeth Hayes Turner, *Galveston and the 1900 Storm: Catastrophe and Catalyst* (Austin: University of Texas Press, 2000), 2.

<sup>9</sup> Ibid.

problem. By 1899, “Galveston port ranked second in the country in cotton exports, third in wheat, sixth in cattle, seventh in corn, and thirteenth in flour.”<sup>10</sup>

By the end of the century, Galveston was thought to be the most modern city in the state of Texas.<sup>11</sup> Moreover, it was considered to be one of the most developed centers from New Orleans to San Francisco.<sup>12</sup> Galveston was called the “Seaport of the West.”<sup>13</sup> Because of its continued growth into the 20<sup>th</sup> century, some referred to the Galveston as the “Wall Street of the Southwest.”<sup>14</sup> Plus, as pointed out above, due to the immigration movement during the first couple of decades in the 20<sup>th</sup> century, some referred to the island as the “Ellis Island of the West.”<sup>15</sup> According to writer Susan W. Hardwick, the *New York Herald* even named Galveston as the “New York of the Gulf.”<sup>16</sup>

These various nicknames and the reputation that Galveston held were due to several factors. As frequently explained, Galveston was the location for many firsts in Texas. These included the first electric lights, first opera house, first telephone, first hospital, first golf course, first country club, first YMCA, and first law firm.<sup>17</sup> The list goes on. In addition to the quick economic development on the island, the city served as a cultural center.<sup>18</sup> The cultural diversity was largely due to the growing immigrant

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<sup>10</sup> Ibid.

<sup>11</sup> Burka, “Grande Dame of the Gulf.”

<sup>12</sup> Ibid.

<sup>13</sup> Howard Barnstone, *The Galveston That Was* (New York: MacMillan Company, 1963), 13.

<sup>14</sup> Susan Wiley Hardwick, *Mythic Galveston: Reinventing America’s Third Coast* (Baltimore: Johns Hopkins University Press, 2002), 60-62.

<sup>15</sup> Marinbach, *Galveston: Ellis Island*, xii-xv.

<sup>16</sup> Ibid.

<sup>17</sup> Burka, “Grande Dame of the Gulf.”

<sup>18</sup> Bixel and Turner, *Galveston and the Storm*, 5-6.

population.<sup>19</sup> Galveston had theaters and operas when other Texas cities were simply trying to fight Indians and pave their roads.

In addition to the cultural diversity introduced by these immigrants, Galveston's population also created a high level of tolerance for vice activities. In fact, Galveston had a long history of transient populations and diverse groups that contributed to this tolerance for illicit activities. As seen in many culturally diverse communities, this translated into a greater acceptance of activities that were not innately wrong, but merely wrong because of the local law. Of course, the immigrants were not solely responsible for this tolerance.

The tolerance was further perpetuated by many events that Galvestonians suffered coming into the 20<sup>th</sup> century. There were many threatening hurricanes that hit the sandbar city throughout the 1800s.<sup>20</sup> Plus, the island suffered many yellow fever outbreaks throughout the same time period.<sup>21</sup> In 1885 the island was greatly affected by a large fire that destroyed over 40 blocks.<sup>22</sup> Then in 1900, the island experienced its greatest loss yet, the Great Storm of 1900.<sup>23</sup>

To date, the Great Storm of 1900 is considered the most deadly natural disaster to ever hit the United States.<sup>24</sup> This hurricane hit Galveston early in September and wiped out a large percentage of the population, some estimated as much as one-fifth of the island's populace.<sup>25</sup> In the aftermath, the city was not only responsible for cleaning

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<sup>19</sup> Hardwick, *Mythic Galveston*, 28-59.

<sup>20</sup> Hardwick, *Mystic Galveston*, 95-96.

<sup>21</sup> McComb, *A History*, 93-97.

<sup>22</sup> Mary W. Remmers, *Portrait of Galveston Island: 1300 Years of the City's History A.D. 700/800-2000*, (Galveston: Privately published, 2002), 19.

<sup>23</sup> Bixel and Turner, *Galveston and the Storm*.

<sup>24</sup> Ace Collins, *Tragedies of American History: 13 Stories of Human Error and Natural Disasters* (New York: Penguin Group, 2003), 22.

<sup>25</sup> Burka, "Grande Dame of the Gulf."

up the widespread destruction, but also developing a plan to protect its residents from future marine disasters. This is what led to building one of the greatest seawalls to ever be constructed in the world.<sup>26</sup> Furthermore, the island went through the process of raising the overall elevation, known as a grade raise.<sup>27</sup>

After so much tragedy and so many obstacles, the island fell from its status as the largest and most prosperous city in Texas. The residents were faced with rebuilding their island, but some did not feel it was worth the risk. There was a large migration off of the island and onto the mainland in the early years of the 20<sup>th</sup> century.<sup>28</sup> The locals who remained focused on rebuilding after the storm in 1900, but outside investors and corporations were reluctant to settle businesses on an island that had proven to be in the path of destruction.<sup>29</sup> Although the island continued to operate as a port city, by 1920 Galveston had fallen behind many other cities, such as Houston, who had deepened its own harbor.<sup>30</sup> The economic decline experienced on the island set in motion the city's transition towards tourism, despite the locals' reluctance and overall distaste for such business.<sup>31</sup>

This move towards tourism also pushed Galvestonians further into an already existing underworld. As explained earlier, vice crimes were not novel ideas to many of the locals in Galveston. As Robert Nieman has explained, Galveston had some of the highest rates of prostitution in Texas, "with over 1,000 working hookers" and a "ratio of 1

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<sup>26</sup> Ibid.

<sup>27</sup> McComb, *History*, 138-143. The elevation at the wall was increased a total of 18 feet. Moving further inland, the grade was decreased one foot for every 1500 feet.

<sup>28</sup> Burka, "Grande Dame of the Gulf."

<sup>29</sup> McComb, *History*, 48.

<sup>30</sup> Burka, "Grand Dame of the Gulf."

<sup>31</sup> Ibid.

prostitute for every 62 citizens.”<sup>32</sup> Gambling, liquor, and prostitution were technically illegal. However, all three activities were not only tolerated by the citizens of Galveston, but also allowed by the city officials, who “endorsed the idea of an open, but clean town.”<sup>33</sup>

During same time that Galveston was making its transition into tourism, the federal government was enacting the Volstead Act.<sup>34</sup> The Volstead Act unintentionally pushed the island community towards more vice. The geographic location of Galveston made it a popular location to smuggle illegal liquors into the country. The two new trades, tourism and bootlegging, complimented one another. The vice activities on the island encouraged tourism. Likewise, tourism increased the demand for the growth and expansion of Galveston’s underworld.

The port city’s move towards more vice crime created more wealth for the residents. There were clubs open all year round, which provided jobs for the residents. As stated above, the popularity of gambling, alcohol, and entertainment attracted more tourism. Plus, such activities pulled in more visitors all year, whereas the beach activities only attracted tourists during the warmest months. Overall, the underworld activities on the island promoted greater financial stability in Galveston.

Around this time, Galveston welcomed a new family on the rise. The Maceo family arrived in Galveston about 1910. Originally from Sicily, the family immigrated to New Orleans at the turn of the 20<sup>th</sup> century. Like many Italians before and after them,

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<sup>32</sup> Robert Nieman, “Galveston’s Balinese Room: Born: 1942—Died 2008,” *Texas Ranger Dispatch* 27 (2008): 8-9, accessed June 24, 2013, [www.texasranger.org/dispatch/Backissues/Dispatch\\_Issue\\_27.pdf](http://www.texasranger.org/dispatch/Backissues/Dispatch_Issue_27.pdf).

<sup>33</sup> Mary W. Remmers, *Going Down the Line: Galveston’s Red-Light District Remembered* (Galveston: Privately published, 1997), 3.

<sup>34</sup> The Volstead Act was also known as the National Prohibition Act and was in place from its enactment in 1919 until it was repealed in 1933. The intention of the Volstead Act was to prohibit the consumption, sale, and transportation of alcoholic beverages throughout the United States.

the Maceos left their native country in search of greater opportunities and security, while avoiding further economic and governmental oppression.<sup>35</sup> Shortly after settling in Louisiana, they relocated to the Texas coast in hopes of greater financial security. Salvatore and Rosario were the two brothers from the family that originally came to Galveston, working as barbers.<sup>36</sup> The rest of the family followed the two men shortly afterward.

Rosario, known as “Rose,” and Salvatore, known as “Sam,” quickly became involved in Galveston’s vice crime. Rosario became notorious as the enforcer of the family, playing an important role within the syndicate. However, just as he provided protection to the crime family, Rose also provided the locals with an informal police force. Rose’s group regularly surveyed the island’s streets, especially at night. It was reported that his group’s regulation of activity led to some of the island’s lowest rates of crime, at least in areas not of interest to the Maceo family. Overall, Rose was a feared, yet respected, man in the community.

Sam, on the other hand, was the front man and the public image of the family. In addition to being favorably mentioned in various newspapers and magazines across the nation, he was also an active philanthropist outside the limelight. There are numerous reports of Sam providing others with that which they lacked. This included individual Galvestonians who needed loans, as well as local charities and churches.

The two men began with bootlegging during the Prohibition Era and quickly progressed to the top of the Galveston underworld. After Prohibition was repealed, the

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<sup>35</sup> Derek Beales, *The Risorgimento and the Unification of Italy* (London: George Allen & Unwin, 1971), 13-39; Martin Clark, *The Italian Risorgimento* (England: Pearson Education Limited, 1998), 75-92.

<sup>36</sup> Jean M. Brown, *Free Rein: Galveston Island’s Alcohol, Gambling, and Prostitution Era, 1839-1957* (Beaumont: Lamar University, 1998), 24-36.

brothers expanded their businesses exponentially, including first-class clubs that offered gambling, alcohol, and top entertainers from all over the country.<sup>37</sup> From the early 1920s until the 1950s, Rose and Sam built an empire in Galveston. The establishments they built on the island were one of a kind, and the Maceo name became nationally recognized during the following decades.

Such activities were not unheard of, even outside Galveston, during this time. Despite the illegality of gambling, and alcohol throughout Prohibition, these activities were fairly common, especially throughout the “roaring ‘20s.” Interestingly, though, the Maceo brothers kept their businesses afloat for more than 30 years. They progressed through the hierarchy of the island city’s underworld relatively quickly, and they did not experience much pressure from law enforcement throughout these thirty years. These factors are particularly of interest.

How did these two brothers gain so much power in so little time? What factors influenced the brothers’ rapid progression to the top of Galveston’s underworld? How did they stay in that position for so long? In the case of the Maceos, it is important to not just review the surrounding social circumstances throughout the brothers’ reign, but also to outline Galveston and Italy’s history prior to the Maceos’ arrival in the United States. The history of the island, as well as the conditions resulting from historical events, provided the Maceo brothers with the perfect opportunity to become illegitimate entrepreneurs. At the same time, the financial resources the brothers provided to Galvestonians in return remedied the scars of Galveston’s past.

The current literature on the Maceos fails to explain the brothers’ success throughout the three decades. Although historians and journalists have previously

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<sup>37</sup> Nieman, “Galveston’s Balinese Room,” 6-7.

discussed the Maceo family and their activities on the island, the discussions are generally included within a broader historical account of Galveston.<sup>38</sup> To these historians, it appears the Maceos made a small dent in the history of the community. On the contrary, the Maceos' arrival in the small Gulf Coast port had a lasting impact, not just on Galveston, but also on organized crime outside the island. The following pages will outline the Maceos' years spent in Galveston and the influence they had on others.

Sam and Rose's success can partially, but not wholly, be explained by a combination of the Maceos' cultural heritage, their experiences upon arriving in America, and the history of Galveston, as discussed above. Together these various social factors and personal qualities essentially prepared the brothers for success, giving them all of the necessary tools to become involved in the island's organized crime and to build an empire out of it. These factors, along with the brothers' agreeable nature and the existing gangs' instability, are what determined the fate of their empire.

Essentially, the brothers walked onto the island with the skills and knowledge to become involved in Galveston's pre-existing vice activities. More than that, they were well liked and settled in a region where citizens freely endorsed vice and the rackets that came with it. Galvestonians had already suffered many horrible events. Then Sam and Rose provided the island with entertainment and contributed to making the city a wealthy community once again. In turn, this proved to be somewhat therapeutic to the residents of such a broken community.

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<sup>38</sup> Burka, "Grande Dame of the Gulf;" McComb, *History*, 40-56; Gary Cartwright, *Galveston: A History of the Island* (New York City: MacMillan Publishing Company), 214-215.



The following chapters will outline these various factors and attempt to explain just how each element helped to form the ideal circumstances for an organized crime family. It was largely due to the instability in the city, but also largely due to what the brothers had to offer and how they approached the opportunity in front of them. It is likely that had another crime family invaded Galveston, they would not have been met with such acceptance and tolerance. That is what makes the Maceos unique in the history of the American Mafia.

Furthermore, the Maceos introduced establishments such as the Hollywood Dinner Club and the infamous Balinese Room. The Hollywood Dinner Club was an antecedent to the Balinese Room, but both locations were described as exquisitely decorated. Nothing but the best was allowed in either location. The Balinese Room was known for its luxurious décor, fine dining, and first-class entertainment. This particular location came to be on the Texas Rangers and state officials' radar, due to its reputation statewide, and it became the target of the investigations that finally brought the Maceo family's activities to a halt.

This downfall will be analyzed in the final chapter. The brothers earlier began something unique during their time in Galveston. It appears that other crime families showed interest in the brothers' activities. Shortly after the brothers established their name, other locations began to offer similar entertainment. Since then, families have experienced exponential growth under the roofs of such businesses, as seen in places such as Las Vegas. Therefore, it seems the brothers not only had a positive influence on Galvestonians and the island's economic wealth, but also on the expansion of other cities, with similar venues.

CHAPTER 2  
THE MAKING OF A FREE STATE: THE TURBULENT  
HISTORY OF GALVESTON ISLAND

When people generally think of the Mafia, they think of the legendary five families of New York or the terror Al Capone inflicted on Chicago in the 1920s. Organized crime typically is not associated with Galveston, Texas. Yet the city has a rich history that includes a popular crime syndicate that operated on the island for over three decades. Today the island is little more than a small tourist location along the Gulf Coast of Texas—just a ghost of its exciting past. In fact, as of 2010, the U.S. Census Bureau reported that the island had just under 48,000 residents.<sup>1</sup> This number is actually down from when the city peaked in the middle of the 20<sup>th</sup> century.

According to the most current census, the largest number of citizens claims to work in healthcare and education agencies.<sup>2</sup> This is not surprising, considering the University of Texas Medical Branch is located within the city. The next largest group claims to be involved in “arts, entertainment, and recreation, and accommodation and food services.”<sup>3</sup> This is largely reflective of the nature of the modern island city, which survives primarily as a tourist location. Locals dislike the reliance on tourism and feel that Galveston should focus greater attention on the city’s port activities.<sup>4</sup> Nevertheless, the tourism industry provides a stable economy for the island’s workers.

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<sup>1</sup> U.S. Bureau of the Census, *2010 Census Report*, accessed June 3, 2013, <http://quickfacts.census.gov/qfd/states/48/48167.html>.

<sup>2</sup> U.S. Bureau of the Census, *2008-2012 American Community Survey*, accessed January 30, 2014, <http://factfinder2.census.gov/>.

<sup>3</sup> *Ibid.*

<sup>4</sup> Paul Burka, “Grande Dame of the Gulf,” *Texas Monthly*, December 1983, accessed June 16, 2013, <http://www.texasmonthly.com/content/grande-dame-gulf>.

Furthermore, roughly 30% of Galveston's current population reported being Hispanic or Latino. Forty-six percent reported being white.<sup>5</sup> Just under fifteen percent of the population claimed to be born outside of the United States. However, one can still get a glimpse of the island's complex history when looking at the residents' reported ancestry. The Census Bureau reports that 10% of the population is of German descent, 8% Irish, almost 7% English, and 5% of Italian descent.<sup>6</sup> This clearly recalls the days when Galveston was the "Ellis Island of the West."<sup>7</sup>

For such a small and seemingly ordinary town, Galveston has an extremely rich history that is entrenched in the activities of a powerful crime family—the Maceos. The island's past involvement in organized crime is largely due to the significant number of European immigrants that chose to settle in Galveston. The Maceos were among those immigrants, and the empire they built throughout the first half of the 20<sup>th</sup> century was impressive on many different levels. While the Maceo family, led by brothers Sam and Rose, ran rackets on the island essentially untouched, state and federal officials spent their time investigating other popular American mobsters.

The Maceo brothers dominated the island from 1920 to 1957. Throughout these years, Galveston retained the reputation of an "Open City" due to the widespread illicit activities, as well as the island community's long-standing tolerance for such activities.<sup>8</sup> Although this reputation was largely due to the Maceos' arrival, the seeds had already been planted for the brothers to successfully take over the island's existing underworld.

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<sup>5</sup> U.S. Census Bureau, *American Community Survey*.

<sup>6</sup> *Ibid.*

<sup>7</sup> Bernard Marinbach, *Galveston: Ellis Island of the West* (Albany: State University of New York Press, 1983), xii-xv.

<sup>8</sup> Mary W. Remmers, *Going Down the Line: Galveston's Red-Light District Remembered* (Galveston: Privately published, 1997), 3-24.

Since the arrival of Galveston's first settlers, vice crime had existed on the small stretch of land; such activities are rooted in the island's history. Therefore, in order to understand why the family was able to continue their reign without interruption for as long as they did, it is necessary to review the history of Galveston. The history of the island created the perfect conditions for such success. Without such conditions, the local residents, city officials, and law enforcement officials would not have tolerated the brothers.

The inhabitants of Galveston have had a huge effect on the Galveston's tolerance for such activities. These inhabitants have largely been of a transient nature—nomadic tribes in the early years, followed by pirates, then Civil War soldiers and immigrants. Although a stable group of locals persisted after the establishment of the city, the additional various groups continued to ebb in and out of Galveston's social scene. What resulted from this type of population was a high tolerance for illicit activities and an attitude of free will. Overall, this population seems to have created a large moral gray area that favored the Maceos' activities.

In addition to the multitude of ethnic groups living on the island, Galveston also suffered many turbulent events. These events played a role in hindering Galveston's potential growth. Galveston was the largest city in the state of Texas from 1850 until 1890.<sup>9</sup> However, in its early years the island suffered two significant yellow fever epidemics.<sup>10</sup> In addition, the island also endured several natural disasters. In fact by

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<sup>9</sup> Susan Wiley Hardwick, *Mythic Galveston: Reinventing America's Third Coast* (Baltimore: Johns Hopkins University Press, 2002), 1.

<sup>10</sup> Mary W. Remmers, *Portrait of Galveston Island: 1300 Years of the City's History A.D. 700/800-2000* (Galveston: Privately published, 2002), 7-13.

1890, Galveston had already overcome many storms, as well as a terrible fire in 1885.<sup>11</sup> Then only fifteen years after the fire, Galveston stomached the most deadly natural disaster in the history of the United States.<sup>12</sup> These events had a lasting impact on the state of the island, restricting the growth of legitimate commerce and pushing many local residents to seek more illicit ways to make money.

The Great Storm of 1900 caused the death of a large percentage of Galveston's populace. Among the survivors, a large percentage of people chose to leave the island instead of rebuild. This resulted in an even greater instability within the island's economic infrastructure. Furthermore, some outsiders even began to view Galveston as a liability. Companies were reluctant to settle on the small island. Although the island's economy had not yet collapsed, people could feel the inevitable. Unless the island benefited from a new source of income, Galveston would be faced with an unavoidable expiration date. Luckily, money is exactly what the Maceos provided.

Gambling, prostitution, and drinking had already become common activities on the island. Thus, when the brothers arrived, they did not introduce novel ideas to the residents of Galveston. Instead, they merely focused and organized the previously established activities—the brothers took advantage of Galveston's predisposition for vice. Plus, Sam and Rose expanded upon these existing activities. To their advantage, the previous tragedies endured by Galvestonians, as well as the diverse demographics of the island, seem to have cultivated an environment fertile for the businesses introduced by the two brothers.

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<sup>11</sup> Remmers, *Portrait of Galveston*, 19.

<sup>12</sup> Ace Collins, *Tragedies of American History: 13 Stories of Human Error and Natural Disasters* (New York: Penguin Group, 2003), 22.

Sam and Rose operated numerous businesses on the island. Their first major establishment was the Hollywood Dinner Club. This location allowed the brothers to dabble with new ideas. For example, the club was the first of its kind, offering gambling, alcohol (even during prohibition), fine dining, and top entertainment. However, it was not until the brothers opened the Balinese Room years later that they perfected the original idea behind the Hollywood Dinner Club. The Balinese Room quickly became a nationally recognized name and was a major source of the Maceos' success, as well as their downfall in the 1950s.

Although not everyone participated firsthand in the Maceos' businesses, most of the residents of Galveston endorsed the activities. The citizens recognized that such unlawful activities benefited Galveston. There were jobs for everyone. Large loans were being taken out at the city's local banks.<sup>13</sup> Some city offices and departments were receiving money, through payoffs or bribes, which provided an inflated local budget.<sup>14</sup> As an added bonus, gambling, prostitution, and drinking, especially during the Prohibition Era, attracted people from all over. These activities became the focus of the island's tourism industry.

This focus on tourism became the catalyst for a city turning a blind eye on illegal activities. After so much destruction in one city, the locals understood that they had few other choices than to accept tourism as a major economic asset. They also understood that the island's vice activities promoted tourism. Fortunately for the Maceos, Galveston was essentially isolated from the rest of the state, so there was little interference from

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<sup>13</sup> Gary Cartwright, *Galveston: A History of the Island* (New York: MacMillan Publishing Company, 1991), 207-208.

<sup>14</sup> Remmers, *Going Down the Line*, 24.

outside officials. For many years, the only real authority on the island came from local law enforcement.

However, much like the general population in Galveston, the chief of police and the sheriff in Galveston County both seem to have recognized the economic benefits of the Maceos' businesses. Both of these men worked with a blind eye.<sup>15</sup> There is also evidence which suggests other city officials participated in this tolerance.<sup>16</sup> As stated, there was not a lot of outside attention. Since the Island's own enforcement elected not to take the brothers down, Sam and Rose continued their operations until the state took notice and intervened.

### Galveston's Early Heterogeneous Settlers

As mentioned, Galveston was founded largely by transient populations. This particular pattern started even before European explorers had discovered the island. The first known inhabitants were nomads. Then after the arrival of the Europeans, the island experienced an influx of transient groups, including pirates, soldiers, sailors, and immigrants. Each subsequent group, having a different background, brought new ideals and cultural practices to the island city. In the end, Galveston, like many port cities, was significantly more heterogeneous than more insulated locations.

The earliest known inhabitants on Galveston Island were the Karankawa Indians. These natives understood the island was at the mercy of the sea. Therefore, the tribe primarily used the area for hunting and gathering, while settling on the safer mainland.<sup>17</sup> The group's first encounter with European immigrants occurred in 1528, when a group

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<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Burka, "Grande Dame of the Gulf."

of Spaniards washed ashore. Cabeza de Vaca led these men. He described the natives as delighted to help his shipwrecked crew. The Indians led the explorers from the wreckage to their own village, with fires placed at regular intervals to ensure the Spaniards did not suffer from the cold.<sup>18</sup>

Immediately after the ship sunk, the survivors reported three of their crew members had perished with the ship. However, after enduring a harsh winter with the Karankawas, only five Spaniards remained alive. In addition to the deaths experienced among the explorers, the Karankawas' numbers were greatly depleted. The natives were plagued by a new disease, which they were convinced had come from their new neighbors. By the end of the winter season, the disease had wiped out half of the original village.<sup>19</sup> Despite these hardships, the explorers remained with the Karankawas for six more years before relocating to Mexico. The Karankawas did not encounter another group of Europeans until 1685.<sup>20</sup>

The Karankawas are also thought to have been cannibals. Journalist Gary Cartwright argued that the Karankawas, like other tribes in the region, believed that consuming their enemies gave them greater strength.<sup>21</sup> Historian David G. McComb shared the story of a young woman who encountered and studied the Karankawa people during these early years. Local historian Alice W. Oliver claimed that the adult

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<sup>18</sup> Charles W. Hayes, *Galveston: History of the Island and the City, Volume 1* (Austin: Jenkins Garrett Press, 1974), 8.

<sup>19</sup> *Ibid.*, 9.

<sup>20</sup> Carol A. Lipscomb, "Karankawa Indians," *Handbook of Texas Online* (<http://www.tshaonline.org/handbook/online/articles/bmk05>), accessed April 20, 2014. Uploaded on June 15, 2010. Published by the Texas State Historical Association.

<sup>21</sup> Cartwright, *History of the Island*, 18-19; David G. McComb, *Galveston: A History* (Austin: University of Texas Press, 1986), 33.



Karankawas applied blue paint to their face, which commonly represented participation in cannibalism.<sup>22</sup>

However, other historians claim that it was not the group of natives who partook in cannibalism, but the group of Spaniards. As Charles W. Hayes explained, after enduring months of an especially harsh winter, the Spaniards were forced to eat their own men.<sup>23</sup> Reportedly, not only were the Karankawas non-cannibalistic, but the group was horrified by the occurrence, given their compassion and respect for human life.<sup>24</sup>

Thus, there are indications that either group could have been guilty of this behavior. Whether the Karankawas or the Spaniards participated in cannibalism is unsure. Nevertheless, it does appear that this practice of cannibalism did occur on the Island. It seems important to consider that one of the most taboo practices, even in modern times, occurred during the earliest years of the island. From its inception, the island's location and lack of resources fostered ideals and values that were not found in other cultures and times, and the local environment seemed to encourage practices that were prohibited elsewhere.

In addition, the Karankawas represent the first transient group on the island. This tribe lived as nomads—hunting and gathering in various regions throughout the four seasons.<sup>25</sup> Furthermore, the Spaniards, the next transients, were among the first to leave another impression on the region before relocating to a new location. As mentioned, Cabeza de Vaca and his men spent six years on the island before moving

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<sup>22</sup> McComb, *History*, 33.

<sup>23</sup> Hayes, *History of the Island and City*, 8-9.

<sup>24</sup> McComb, *History*, 32. McComb uniquely presents both versions of the occurrence of cannibalism on the island. He leaves it to the reader to decide which group participated in cannibalism. When telling of the Spaniards consuming the flesh of their own men, he argues that the men *involuntarily* stayed on the island for the next six years. He stated that in outrage against the Spaniards' actions, the Karankawas forced the remaining men "to work as medicine men and slaves."

<sup>25</sup> Hayes, *History of the Island and City*, 8-9.

south to Mexico and during that time more than half of the Karankawas died. It appears likely that this is the mark that group left on the island, and it is not a positive one. Likewise, each additional group that subsequently arrived to the island left a mark in Galveston's history, and the results were not always good.

The next group to arrive was a group of Frenchmen led by Robert La Salle. However, it was Louis-Michel Aury who erected the first French settlement in 1816. His establishment was not merely populated by Frenchmen, but also Haitians. The group also brought with them a large collection of stolen Spanish treasures. When Aury moved further inland to aid in the war for Mexican independence, two French brothers took command. The brothers were known as Jean and Pierre Lafitte. Jean Lafitte, in particular, invested in Galveston. He constructing numerous buildings and established about 1,000 settlers in a village he called Campeachy.<sup>26</sup>

Despite the development on the island subsequent to Lafitte's arrival, the new leader participated in his own dishonest activities. Jean Lafitte was a notorious pirate. He set up camp on Galveston, using the bay to capture ships, then selling confiscated merchandise in New Orleans, from which he had been expelled by United States officials, and at the Mississippi ports.<sup>27</sup> Galveston provided the perfect location for such business. As explained by McComb, "Claimed by the United States, Mexico, and Spain, Galveston was located on an uncertain boundary, and thus, was an ideal meeting place for freebooters to dispose of their contraband and take on fresh supplies."<sup>28</sup> Therefore, Galveston's geographic location was ideal for smuggling and

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<sup>26</sup> Ibid., 34.

<sup>27</sup> Hardwick, *Mystic Galveston*, 21-23.

<sup>28</sup> McComb, *History*, 35.

illegal trade, even in its earliest years. Interestingly, the Maceos participated in the same behaviors one hundred years later.

Jean Lafitte occupied the Island until 1820, when United States officials ordered him off the island. By this point, the majority of the Karankawas had been wiped out by the arrival of the Europeans. The group was described by early visitors as simple people with few tools or weapons. Therefore, when the new settlers approached the Indians violently, the natives were unable to protect themselves.<sup>29</sup> The newcomers viciously killed many. Those that survived the attacks were faced with another threat—disease. The group simply could not survive the spread of European diseases, as seen upon Cabeza de Vaca's arrival.

After Lafitte's departure, the remaining Karankawas were killed and removed from the equation. This occurred when troops attacked them while the group's survivors were distracted with performing a ritual dance.<sup>30</sup> Once the island had been cleared of Lafitte and the Karankawas, the United States took over the territory. Afterwards, Galveston was shaped by events leading up to Texas' Declaration of Independence. First, Galveston was turned into a port for Mexico. However, after the Texas Revolution, the island became a settlement for the Texas Navy.<sup>31</sup>

The island was originally settled as a Mexican territory when Michel Menard made his payment for the east side of current day Galveston. The eastern portion of the island, like the northern edge, was named after Bernardo de Gálvez, who served as the viceroy of New Spain, or Mexico. Gálvez was responsible for the first cartographer hired to map the island. The cartographer named the land he mapped after his

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<sup>29</sup> Ibid., 33-34.

<sup>30</sup> Hardwick, *Mystic Galveston*, 22.

<sup>31</sup> McComb, *History*, 42-44.

employer.<sup>32</sup> However, it was not until 1838, long after Galvez had died that Michel Menard and Samuel May Williams officially established Galveston as a city, when the community lay within the Republic of Texas.<sup>33</sup>

As can be seen, in its earliest years, Galveston became the residence of controversial groups. The Karankawas may have participated in cannibalism. Then European and Spanish settlers drove out the natives. Their presence was replaced by one of the earliest form of an organized crime group, pirates. Even then, the port's location was exploited for illegitimate means. The geographic advantages of Galveston continued to be exploited up until the Maceos' arrival.

Upon being settled as a city, Galvestonians quickly established their major trades and a culture of their own. The island soon became the largest exporter of cotton.<sup>34</sup> Furthermore, it developed a livelihood at night that became a force to be reckoned with. By the mid-1800s, there were a variety of saloons, as well as bordellos, or prostitution establishments.<sup>35</sup> The transient population made up of sailors and immigrants, who frequented the establishments, perpetuated these vice activities.

Throughout the years of the Civil War, Galveston was vulnerable to attacks. As a result, Fort Point was established on the island.<sup>36</sup> Confederate troops were placed at this fort to protect Galveston from the invasion of Union soldiers. Before the Union's occupation of the island, all male Galvestonians were required to enlist in the army of the Confederacy. Furthermore, by 1862 the Confederates had complete control of the city, as well as the shipments coming in. This all came to an end when the Union army

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<sup>32</sup> Burka, "Grande Dame of the Gulf."

<sup>33</sup> Howard Barnstone, *The Galveston That Was* (New York: MacMillan Company, 1963), 19.

<sup>34</sup> McComb, *History*, 47.

<sup>35</sup> *Ibid.*, 151-159.

<sup>36</sup> Hardwick, *Mystic Galveston*, 67-69.

arrived in October 1862, but port activity resumed the following year when Confederate soldiers took back the southern island.<sup>37</sup>

Overall, the Civil War had a significant impact on Galveston. Whether that impact was good or bad remains debatable. Local historian Susan W. Hardwick argues that the war further handicapped Galveston's growth. She states that in general the war provided a sense of insecurity for the residents on the island. Furthermore, the island suffered notable damage throughout the four years. Hardwick states, "Fences, homes, barns, and outbuildings had been ripped apart for firewood, army defensive mounds still ringed the town, and cannonballs were lodged in the walls of homes and buildings throughout the city."<sup>38</sup>

Others believe the war had a positive influence on the Island. Because of the island's location and importance throughout these turbulent years, there was a strong economic interest in the island's accessibility. These factors gained the attention of the Army Corps of Engineers. However, this group of engineers was not focused solely on Galveston. The Corps of Engineers was the result of President Thomas Jefferson's emphasis on national improvement.<sup>39</sup>

Galveston was one of the locations that benefited from this idea of national improvement. The Army Corps of Engineers came to the island after the Civil War with an elaborate plan to deepen the harbor. In conjunction with the growth of the American railroad system, the deepening of Galveston harbor led to an increase in

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<sup>37</sup> Ibid.

<sup>38</sup> Ibid., 69.

<sup>39</sup> Earle B. Young, *Galveston and the Great West* (College Station: Texas A&M University Press, 1997), 67-69.

exports for Galveston.<sup>40</sup> This particular time represented the beginning of Galveston's most prosperous years. With the new system of railroads, Galveston enjoyed a greater connection to the burgeoning west. The western states found it was cheaper to send shipments to Galveston, rather than send them all the way across to the Atlantic ports.<sup>41</sup>

Perhaps both Hardwick and Young make valid points. The war *did* have lasting effects on the island. However, the deepening of the harbor was not the only benefit experienced during this time. The underworld of Galveston felt the ripple effect of the military men's presence. The soldiers stationed at Fort Point, as well as the sailors regularly coming in and out of the harbor provided a new, and very large, customer bank for the saloons and bordellos.<sup>42</sup>

As previously pointed out, these illicit institutions had been on the island for years. Yet, these establishments experienced a tremendous growth throughout the Civil War era, which was especially due to the city's increased foot traffic. Throughout the Civil War, these men regularly made trips into the port. This growth of Galveston's vice crime continued into the Maceos' era. By 1927, a study regarding Galveston's red-light district found "there were an estimated 1,000 ladies of the evening, 50 bordellos, and 13 other 'questionable houses."<sup>43</sup> Furthermore, the island reportedly "[claimed] more saloons (489) than any city of comparable size and more than any other Gulf port—including New Orleans..."<sup>44</sup>

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<sup>40</sup> McComb, *History*, 49-53.

<sup>41</sup> *Ibid.*, 4-6.

<sup>42</sup> Remmers, *Going Down the Line*, 5.

<sup>43</sup> *Ibid.*, 10.

<sup>44</sup> Patricia Bellis Bixel and Elizabeth Hayes Turner, *Galveston and the 1900 Storm: Catastrophe and Catalyst* (Austin: University of Texas Press, 2000), 2.

The military men became regulars at the city's saloons and bordellos, despite the illegality of prostitution.<sup>45</sup> It is even reported that sailors received a discounted price when they came in—they received a \$5 deal for thirty minutes, rather than the regular price of \$10.<sup>46</sup> In addition to the young men's presence in bordellos, they also spent money in saloons and took advantage of the island's gambling. However, these behaviors did not end with the war in 1865.

Immigrants also provided a new customer base for these illegal businesses. Before and after the Civil War, Galveston experienced an influx of immigrants. At the time of the first postwar census in 1870, 40% of Galveston's population was made up of German immigrants.<sup>47</sup> Overall, the island was home to 13,818 residents that year.<sup>48</sup> The impressive rates of immigration into Galveston continued until 1875, when federal laws limited the admission of new immigrants.<sup>49</sup> Nevertheless, immigrants continued to gain entry into Galveston.

As mentioned, there was already a large German population settled on the island prior to the Civil War. This particular group continued to represent the largest number of Galveston's foreign-born population at the turn of the century. As previously stated, even today, a large German ancestry is found among Galvestonians. By 1900, the island's population had increased to a total of 37,788 residents. Of those, 2,450 were German. There were also large Irish and Italian populations at the time of the 1900 census. Eight hundred and thirty-four residents reported being born in Ireland. Five

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<sup>45</sup> McComb, *History*, 108-109.

<sup>46</sup> Remmers, *Going Down the Line*, 7.

<sup>47</sup> Hardwick, *Mystic Galveston*, 3.

<sup>48</sup> Remmers, *Portrait of Galveston*, 15.

<sup>49</sup> Hardwick, *Mystic Galveston*, 76.

hundred and sixty reported being Italian. Overall, Galveston had a total of 7,328 immigrants, from countries such as England, France, Norway, Scotland, etc.<sup>50</sup>

It is important to understand the effects such large number of immigrants would have had on the island. Overall, people from different cultural backgrounds tend to have varying ideas and moral beliefs regarding certain issues. Although some actions are considered *mala in se*, certain behaviors are not so widely denounced. Such behaviors are typically what make up an underworld. This was just as true for Galveston.

For example, among the Germans, Irish, and Italians, Catholicism was often practiced. Catholicism teaches temperance. This meant the majority of Catholics believed that alcohol was acceptable, as long as it was consumed in moderation.<sup>51</sup> This had a huge effect on Galveston's social life throughout the Prohibition Era. With such a large portion of the island being made up of immigrants, among whom drinking was approved, saloon sales were positively affected by the arrival of passenger ships. Furthermore, the island was never officially dry throughout prohibition.

However, it is important to recall, these immigrant groups made up a mere fraction of the diversity of Galveston. As discussed above, cannibalism had occurred, the slaughtering of the remaining Karankawas, the soldiers and sailors. All of these groups brought different sets of ideals and values to the island. Therefore, just as the immigrants created a larger tolerance for alcohol on the island, the various transient groups of Galveston seemed to have created a tolerance for activities in general that fell into that same moral gray area.

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<sup>50</sup> Ibid.

<sup>51</sup> Jack S. Blocker, David M. Fahey, and Ian R. Tyrrell, *Alcohol and Temperance in Modern History: An International Encyclopedia*, Volume 1 (Santa Barbara, CA: ABC-CLIO, 2003), 323-325.



Galveston provided an environment where conflicting ideas came together. In communities with a general consensus among residents, or a primarily homogeneous population, these activities would not have survived as long as they did in Galveston. However, the diverse population provided diverse morals and practices. The end result was in fact an "Open City." This meant that Galveston was open for business, even unlawful business.

Yet, even for the stable residents on the island there were advantages to allowing these activities to continue. First, a significant portion of the locals also enjoyed taking advantage of and participating in the businesses themselves. Secondly, because they saw the profitability of such businesses, legitimate or not, locals preferred to ignore the prevalence of vice in Galveston. This was especially true after the turn of the century, when Galveston lost its lead as the largest seaport in Texas. After a century of several setbacks, Galveston was desperate to find a new means of profitability.

### The Tempestuous Trials of Galveston

During the 19<sup>th</sup> century Galveston was faced with many obstacles. There was widespread sickness, which diminished the island's population. There were a number of hurricanes. There was a horrible fire in the Strand, the main business district for the island city. As mentioned, the Civil War destroyed many of the island's structures. Galvestonians were constantly challenged throughout the 1800s. Although the island experienced significant growth throughout the century, it was also faced with many

hindrances. It seemed that every time Galveston made progress, it was soon followed by retrogression.

The island was plagued with yellow fever outbreaks numerous times. In *Portrait of Galveston*, local historian Mary W. Remmers argued that the island only suffered from two separate epidemics, once in 1838 and again in 1867.<sup>52</sup> However, historian David G. McComb cited twelve different occasions that Galveston suffered from yellow fever.<sup>53</sup> Some of these outbreaks of disease were clearly much worse than others. Reportedly, Galveston experienced a horrible storm and one of the earliest yellow fever outbreaks almost immediately after the city's inception. Between these two events, Galveston lost more than ten percent of its population.<sup>54</sup> Then again in 1867, over 8,000 Galvestonians presented symptoms of yellow fever. In the end 1,171 lives were lost to that particular epidemic.<sup>55</sup>

In addition to the substantial number of lives lost to yellow fever epidemics, Galveston also lost a significant portion of their population to a number of hurricanes. By the end of the century, Galveston had earned a deadly reputation. The island faced at least eleven hurricanes throughout the 1800s. However, these numbers are based partly on Indian legends and unofficial records.<sup>56</sup> One estimate suggests even higher numbers—Hardwick argues that between 1810 and 1886 Galveston laid in the path of sixteen major storms.<sup>57</sup>

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<sup>52</sup> Remmers, *Portrait of Galveston*, 7-13.

<sup>53</sup> McComb, *History*, 93-97.

<sup>54</sup> Hardwick, *Mystic Galveston*, 34.

<sup>55</sup> *Ibid.*, 72.

<sup>56</sup> McComb, *History*, 26-31.

<sup>57</sup> Hardwick, *Mystic Galveston*, 95-96.

Although an official number of storms is hard to determine, it is clear the island suffered severe damage from multiple storms. As mentioned, Galveston was faced with a hurricane almost immediately after the island was established as a city. The storm hit in October of 1837. According to locals' reports, only one person fell victim to the storm. However after enduring the storm for three days and three nights, eight ships were left on dry ground. Some residents considered the force of nature experienced in this storm to be an exception to the rest. For others, this storm was an indication of the dangers of the island and quickly relocated further inland.<sup>58</sup>

For those that stayed, a new style of architecture was adopted in order to protect their belongings from the floodwaters of future storms. It was after this storm that the island's first "customhouses" were erected. These new structures were built on stilts to prevent future flooding and destruction. Plus the raised houses allowed more of the afternoon breeze from the ocean, an appealing quality in such a humid environment.<sup>59</sup> This style was the first of its kind and quickly became the style across the island. Presently, many houses continue to stand on and be built on stilts, just as they were two centuries ago.

In 1875, a nearby city named Indianola suffered severe damages from a passing storm. Eleven years later, Indianola again suffered devastating losses in a hurricane. After the storm in 1886, Indianola citizens abandoned their homes for safer residences. Galvestonians witnessed the damage endured by their neighbors in Indianola. After

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<sup>58</sup> McComb, *History*, 26-31.

<sup>59</sup> Burka, "Grande Dame of the Gulf."

seeing the city abandoned, Galvestonians began requesting protection for their own city. They demanded some assurance of safety from the inevitable future storms.<sup>60</sup>

The pattern of progression and retrogression continued into the 20<sup>th</sup> century. After establishing itself as a city and overcoming many obstacles, Galveston faced near defeat in 1900. On the evening of September 8, what has become known as “the Great Storm” devastated the island. The storm caused more deaths than any other natural disaster in American history.<sup>61</sup> Estimates of the total death count vary between 6,000 and 12,000. The actual number will never be known.<sup>62</sup>

The reports of destruction flooded out of Galveston in the days after the storm.

The initial telegram reporting the damage stated:

Ruin is everywhere. Electric-light and telegraph poles are nearly all prostrated and the streets are littered with timbers, slate, glass, and every conceivable character of debris. There is hardly a habitable house in the city, and nearly every business house is badly damaged.... The Tremont to P streets, thence to the beach, not a vestige of a residence is to be seen. In the business section of the city the water is from three to ten feet deep...<sup>63</sup>

Overall, the storm had nearly wiped Galveston off the map in the same fashion that the storm of 1886 had wiped their neighbor Indianola off the map.

This had a significant impact on the island. Many changes occurred in Galveston in response to the Great Storm of 1900. For example, in the wake of the hurricane, city officials began devising a plan to alleviate the harm caused by future storms. Prior to the experience in 1900, residents were under the false impression that if a storm, like

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<sup>60</sup> Erik Larson, *Isaac's Storm: A Man, A Time, and the Deadliest Hurricane in History* (New York: Vintage Books, 2000), 83-84.

<sup>61</sup> McComb, *History*, 121.

<sup>62</sup> *Ibid.*, 122; Young, *Galveston and the Great West*, 199; Collins, *Tragedies of American History*, 35. McComb explains that there are many different estimates, some as high as 10,000-12,000 deaths. Young estimates about 6,000 people falling victim to the storm and Collins states that although initial estimates were around 6,000, the final estimate was 8,000-10,000.

<sup>63</sup> Nathan C. Green, *Story of the 1900 Galveston Hurricane* (New Orleans: Pelican Publishing Company, 2000), 3-5.

the one that devastated Indianola, were to hit the Island, Galveston Bay would absorb a large portion of the overall impact.<sup>64</sup> However, as a result of the devastation, three engineers were selected to construct the proper precautions.

Rebuilding the city included replenishing its population. Prior to the Great Storm of 1900, Galveston had been the destination for many immigrants. In the latter half of the 19<sup>th</sup> century a cheap entertainment for Galvestonians was to go to the docks and witness the new influx of immigrants disembarking with evidence of their cultural heritages.<sup>65</sup> However, after the Great Storm of 1900, the port city encouraged new immigrants to settle on the island more than ever before. The island had already begun to experience their population growth slowing prior to the destruction of the storm. Now it was germane to their survival to rebuild, not just the city, but also the city's population. Therefore, at the turn of the century a new wave of immigrants invaded Galveston, while locals focused on reconstructing a city.

Sam and Rose did not arrive on the island for ten more years, but even then, Galveston was still recovering from the storm. While continuing to fall behind the lead of Houston, Galveston was looking for greater growth in its economy, as well as in its population. After the destruction of so many businesses in the storm, the Maceos provided work to ten percent of the island's population.<sup>66</sup> Furthermore, their illicit activities made Galveston an appealing location after so much uncertainty left by the storm. This fact boosted the city's new investment in tourism.

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<sup>64</sup> Cartwright, *History of the Island*, 161.

<sup>65</sup> *Ibid.*, 118-119.

<sup>66</sup> Gary Cartwright, "One Last Shot," *Texas Monthly*, June 1993, accessed June 3, 2013, <http://www.texasmonthly.com/story/one-last-shot/page/0/3>.

## A Definitive Decline

Despite the problems faced by islanders throughout the 19<sup>th</sup> century, Galveston developed into a flourishing city. It grew to be one of the richest cities in the United States, exceeded only by Providence, Rhode Island.<sup>67</sup> However, Galveston depended almost exclusively on its port activities. Unlike cities located further inland, most of Galveston was not useful for farming. Floods and storms had distributed large amounts of salt across large portions of the island, making the land infertile. Therefore, cities further inland used Galveston as a port to ship their own commodities in and out of the state.<sup>68</sup> As a result, Galveston became one of the top exporters for cotton, shipping to New York, New Orleans, and Great Britain.<sup>69</sup>

While the Northeast embraced the Industrial Revolution, Galveston did not. The island city never made the necessary transition into the newly introduced industry. Originally, the local officials blamed the poor water supply. Despite these claims, by the 1890s the island had a complete water system, yet still failed to experience a rush of industrialists.<sup>70</sup> A newcomer to the Island, O. P. Hurford, explained to the city officials that outside companies were convinced that the island was unsafe. Due to the threat of floods and devastation from potential storms, they did not want to invest in the island. Therefore, Galveston retained its position as an importer and exporter for neighboring cities.<sup>71</sup>

While Galveston sat stagnant, Houston and nearby cities flourished. In 1880, Galveston had the highest population of any community in the state, sitting at 22,000

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<sup>67</sup> Burka, "Grande Dame of the Gulf."

<sup>68</sup> Barnstone, *The Galveston That Was*, 27.

<sup>69</sup> McComb, *History*, 47.

<sup>70</sup> Barnstone, *The Galveston That Was*, 15-18.

<sup>71</sup> McComb, *History*, 48.

citizens. However, by 1890 Dallas and San Antonio had grown larger than the island city. By 1900, Houston had also bypassed Galveston. This shift in growth was the result of many contributing factors. As mentioned earlier, Galveston, unlike other cities, did not join in the Second Industrial Revolution due to the physical nature of the island. Furthermore, many of the major port cities of the Gulf of Mexico reaped the benefits of the oil explosion in the south. Again, Galveston did not grow with this new industry, either.<sup>72</sup>

Perhaps the island's failure to invest in these new industries was due to reconstruction after the storm. Prior to the storm, Galveston had experienced growth in the bay. The depth of a harbor determined its class. A first-class harbor was required to "accommodate a ship drawing 26 feet of water at low tide." Originally, Galveston was considered a third-class harbor and its depth was increasingly becoming a problem. This status was due to two sandbars encircling the Island with a shallow depth of eight to twelve feet. With the Galveston Harbor Bill in 1890, the channels were deepened and it was converted into a first-class harbor.<sup>73</sup> The island city thus recommitted itself to commerce, not industry.

Later, during the years after the 1900 storm, while many other port cities were prospering from the Second Industrial Revolution and the new oil industry, Galveston was working to increase its elevation and building a seawall. A group of leaders voted to raise the island's elevation to eighteen feet, which would decline by one foot every 1,500 feet. In addition, a three-mile wall would be constructed on the eastern edge of

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<sup>72</sup> Barnstone, *The Galveston That Was*, 15-18.

<sup>73</sup> McComb, *History*, 57-61.

Galveston.<sup>74</sup> These drastic changes were seen as necessary steps to protect the island.

It is likely that Galvestonians feared becoming like their old neighbors. As discussed, Indianola was essentially wiped off the Texas map in the 1886 hurricane. Afterward, the previous location of Indianola was no more than a sandy beach. For fear of becoming the memory of a city that was, Galvestonians stood strong and took the steps necessary to protect themselves from future storms. This prohibited the city from directing their resources towards the growth of new industries as discussed above. Furthermore, Houston became a more active port during this time, making it an even stronger opponent.

In 1866, the Houston Direct Navigation Company was established, which transferred cotton from the city to ships in the Galveston Bay via river barges. By creating this company, Houston was able to avoid the use of Galveston as its port city. Moreover, with technological advances, Houston was able to increase the depth of Buffalo Bayou. Therefore, Houston became its own port—the city no longer had to use Galveston for the movement of many of its commodities. Houston had found a way to completely exclude the use of Galveston for imports and exports. Furthermore, with the laying of railroads through North Texas, Galveston was bypassed for transportation of commodities going to and from New Orleans. With these advances, Galveston was losing more and more business.<sup>75</sup>

As Galveston thus went through changes after the 1900 storm, nearby cities, especially ports, were also going through changes. Houston was flourishing in some of

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<sup>74</sup> Ibid., 138-143.

<sup>75</sup> Ibid., 150.



Galveston's darkest days. As stated, by the turn of the 20<sup>th</sup> century, Houston's population had bypassed that of Galveston. By 1920, Houston's census reflected a population four times the size of Galveston's.<sup>76</sup> It was clear that Galveston's most prosperous days might be behind it. The residents on the island understood that to ensure the survival of their city they needed to embrace the geographic resources that Galveston offered. Thus, like many other sandbar communities, Galveston largely became a resort destination, despite the opposition of many locals.

The city's residents acknowledged the new source of revenue, even if some of them disliked it. Tourists started traveling to the beach for weekends and holidays throughout the year, but especially during the warmer seasons. The Galveston Surf Bathing Company was established in 1881. The Company provided bathhouses along the majority of the coast.<sup>77</sup> The Galveston Pavilion was opened where the train tracks ended. Then in 1883, the Beach Hotel was constructed. Unfortunately, the Hotel was not a profitable business and was suspiciously burned down shortly after the owner filed for insurance on the location. Also, the Pavilion did not prosper long.<sup>78</sup> Nevertheless, other hotels began popping up along the island to attract more tourists, such as the Tremont Hotel.

Aside from the hotels that were built along the beach, the city also offered other attractions. For example, the Grand Opera House was constructed in 1894.<sup>79</sup> The design and style of the new opera house reflected that of a great opera house in Europe. Furthermore, the Island offered entertainment such as ballet and comedy

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<sup>76</sup> Burka, "Grande Dame of the Gulf."

<sup>77</sup> "Galveston Surf Bathing Company," *Galveston Daily News*, August 13, 1881, accessed August 28, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1881-08-13>.

<sup>78</sup> McComb, *History*, 64-65.

<sup>79</sup> Cartwright, *History of the Island*, 7.

clubs. Galveston was earning a new reputation of being ahead of its time. As Ace Collins has stated, "With forty miles of streetcar lines, 2,028 telephones, and two automobiles, Galveston was truly a modern city during a period when most of Texas was still largely a wide-open frontier."<sup>80</sup> Unfortunately for those who sought more substantial development, it remained a city primarily focused on tourism.

The Maceos contributed to the growth of the island within the established focus on tourism. In the twenties, the brothers opened their first club, which attracted people from all over. From that point forward, Sam and Rose continued to open popular establishments. One location purchased by the Maceos was located on the Seawall at 21<sup>st</sup> Street. This particular spot went through numerous name changes, eventually becoming the infamous Balinese Room. The Balinese Room contributed largely toward the growth in Galveston's tourism. With nationally recognized entertainers, gambling, alcohol, and fine dining, tourists came from all over to experience the Balinese Room.

Despite these improvements on the island, it is clear that Galveston was faced with many obstacles throughout its early history. Economically, the island city was bypassed by its neighboring cities and ports. Large businesses would not come to the island out of fear of destruction by future natural disasters. The city was devastated over and over by hurricanes, particularly by the Great Storm of 1900. All in all, these circumstances likely influenced the tolerance of the residents when the Maceos arrived in the early 1900s. For the Maceos brought with them profit and growth, something the Galvestonians were hungry for after such setbacks.

As previously explained, Galveston was built around a transient population. Furthermore, this population was extremely diverse, based off of the various cultural

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<sup>80</sup> Collins, *Tragedies of American History*, 23-24.

and religious backgrounds. Having such a heterogeneous populace, the island had adopted a more relaxed and open way of life. With such cultural multiplicity, there was an overall emphasis on free will. However, this island-wide attitude was not the only explanation for the success of vice. As described, the island was desperate for new growth and economic stimulation. That is what the underworld provided. Furthermore, these illegitimate businesses promoted the growth of legitimate businesses.

Prior to the Maceo brothers' arrival, Galveston had already developed an underworld. Galveston was home to two particular gangs. Although already in existence, these gangs did not gain significant power on the island until prohibition began. With the exclusion of alcohol, the two gangs had a new and very large market for smuggling illegal liquors into Galveston through its port. With such a high demand, this became a lucrative business. The Maceos acknowledged this fact and infiltrated the businesses. This was the beginning of their rise to the top, and the beginning of their empire.

### CHAPTER 3

#### CULTURAL AND SOCIAL INFLUENCES: CREATING THE PERFECT MOBSTERS

Even before Sam and Rose Maceo arrived in Galveston, organized crime was not a foreign idea to the brothers. The family came to the states from a region where organized crime had occurred for years.<sup>1</sup> As Stephen L. Mallory explained, all Mafia and organized crime activity in the states—committed by Italians— can be traced back to the island of Sicily.<sup>2</sup> Although there are no indications that the two brothers were involved in Sicilian Mafia activity, it is likely that they retained some of their Italian heritage when they traveled across the Atlantic Ocean. This heritage would have included an understanding of Mafia activities. Moreover, it is likely the brothers would have shared a popular Sicilian support for the Mafia.

Just as Galveston had a history of vice crime, so did Sicily. The Maceos' native land was known for such activities. Also similar to Galveston, the organized crime of Sicily was the result of a long turbulent history. Particularly, social circumstances began to decline, beginning with the end of the 18<sup>th</sup> century. The sad events that occurred throughout the next century led to prevailing criminal groups and support for these groups from average citizens.

Sam and Rose came to America with their family in search of greater opportunity. Immigrating to the states was an attempt to escape the unfavorable conditions that had plagued Sicily for decades. As stated, the brothers likely had a basic understanding for

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<sup>1</sup> Stephen L. Mallory, *Understanding Organized Crime* (Boston: Jones & Bartlett Learning, 2012), 111. Mallory argues that by the time Italy was unified in 1859, criminals had already developed into powerful and organized groups.

<sup>2</sup> *Ibid.*, 110.

organized crime when they arrived in America. Upon settling in their new location, the brothers encountered groups of Sicilians who had organized and were participating in activities similar to those they had witnessed on their native island. The Maceos also soon realized that their economic conditions had not significantly improved when they crossed the ocean, as was intended. Plus they understood that the illicit activities of the criminal groups provided a quick profit. Therefore, it was not long before these cultural factors drew the brothers into organized crime along the Gulf Coast.

### Cultural Catalysts for a Career in Crime

Throughout the 1800s, Italy went through many transformations. In 1797, the French invaded the Italian peninsula. After a couple of losses, the French achieved and maintained control from 1808 until 1814.<sup>3</sup> However, in 1815 Austria regained control of the territory.<sup>4</sup> Despite the return to a state system, the liberal ideals of the French left a lasting impression on Italians. After years of unrest under the restored system and many failed revolutions, war once again commenced in 1859.<sup>5</sup> The following year, Giuseppe Garibaldi and his “famous Redshirts” liberated Sicily from the prevailing Bourbon rule.<sup>6</sup>

Despite the success with the Italian Unification, Sicilians were still suffering from an economic depression when the century came to an end. Sicily’s most lucrative markets were suffering under new taxations from the French. Furthermore, the

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<sup>3</sup> Derek Beales, *The Risorgimento and the Unification of Italy* (London: George Allen & Unwin , 1971), 32-33.

<sup>4</sup> *Ibid.*, 35.

<sup>5</sup> Martin Clark, *The Italian Risorgimento* (England: Pearson Education Limited, 1998), 75.

<sup>6</sup> John Dickie, *Cosa Nostra: A History of the Sicilian Mafia* (New York: Palgrave MacMillan, 2004), 35.

peasants of the region felt they were particularly being targeted by new policies and programs, which tended to favor the upper and middle classes yet perpetuated their own poor conditions.<sup>7</sup> Under these pressures, frustrations grew, as did a lack of trust in the government. Ultimately this led to an increase in criminal activity.

Additionally, the new government was not able, or possibly not willing, to offer aid to the southern Italians, who were frequently treated like an inferior group. Sicilians were often referred to as “Africans” and treated like criminals by the newly formed government.<sup>8</sup> This unstable environment provided more opportunity for the previously established organized crime groups. Peasants and small landowners looked to crime groups to fill the absence of local law enforcement. As conditions became progressively less favorable, the criminal groups received more and more support from locals. Even the Catholic Church gave support to these groups because of the protection and aid they provided to the community.<sup>9</sup>

In an effort to rid the island of violent criminals, the new government invaded the citizens' privacy and homes, and killed innocent people in attempt to capture or kill the not so innocent.<sup>10</sup> In response to the official violence, as well as the ongoing economic depression<sup>11</sup>, Sicilians began emigrating in mass numbers. One study claims that “An average of 117,596 persons left Italy annually during the decade 1871-80.”<sup>12</sup>

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<sup>7</sup> Salvatore Saladino, *Italy from Unification to 1919: Growth and Decay of a Liberal Regime* (New York: Thomas Y. Crowell Company, 1970), 79.

<sup>8</sup> Thomas Reppetto, *American Mafia: A History of Its Rise to Power* (New York: Henry Holt and Company, 2004), 6-7.

<sup>9</sup> Mallory, *Organized Crime*, 111.

<sup>10</sup> Reppetto, *American Mafia*, 7.

<sup>11</sup> Saladino, *Unification to 1919*, 59. It is reported that conditions became so bad that the assets of about 82,000 people were confiscated.

<sup>12</sup> *Ibid.*

The Maceo family, like thousands before them, also sought refuge in a new country. They hoped to find better economic conditions and a higher standard of life when they arrived in America. They also hoped to find relief from the oppression that had been felt for so many years in Sicily. Louisiana had already established itself as a popular destination for Italian immigrants. Therefore, the Maceo family headed to the largest city of the South—New Orleans.<sup>13</sup>

Although the two Maceo brothers spent a limited time in their native country, each adopted certain qualities from Sicily before departing for America. According to Rosario Maceo's census records and passenger list records, he only resided in Sicily for the first fifteen years of his life. Sam's records indicate that he may have stayed in Southern Italy five more years than his younger brother.<sup>14</sup> Despite how briefly each brother resided in Sicily, they each carried with them traits from the Sicilian lifestyle and culture that would aid them when they arrived to Galveston.

As mentioned, the various groups of Sicily's organized crime had achieved widespread support throughout the past century—even leaders of the Catholic Church were aware of the groups' activities and gave them support. This was because Sicilians had endured years of war, economic decline, and lack of support and protection from the government. As a result, they sought refuge in the local crime groups. They understood what the criminals were involved in, but also understood the criminals provided economic stimulation and safety to the communities.<sup>15</sup>

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<sup>13</sup> Repetto, *American Mafia*, 7.

<sup>14</sup> U.S. Bureau of the Census, Fifteenth Census, 1930, Texas, Galveston County (Record Group 29, National Archives, Washington, D.C.[[www.ancestry.com](http://www.ancestry.com), accessed September 5, 2013]); U.S. Customs Service, Passenger Lists of Vessels Arriving at New Orleans, Louisiana, 1903-1945 (Record Group 36, National Archives, Washington, DC [[www.ancestry.com](http://www.ancestry.com), accessed September 5, 2013]).

<sup>15</sup> Mallory, *Organized Crime*, 110.

It is very likely that the Maceos shared this support for Sicily's mafia groups. Their family too would have experienced the impact of the devastating social conditions. They left the country for the same reasons thousands of other immigrants did, for new opportunities. Thus, they would have understood both the positive and negative consequences of having crime groups. Furthermore, the Maceos would have likely understood how these groups involved themselves in the community and gained the trust of locals.

When the Maceos arrived in New Orleans, they encountered a whole new world, which was also in shambles. Officials in Louisiana were interested in increasing the number of incoming European immigrants. After the Civil War ended, these officials recognized the need for more laborers, specifically for rural laborers.<sup>16</sup> Thus, there began an immigration movement in which appointed committee members essentially advertised for the labor of immigrants.<sup>17</sup>

Conveniently, it was largely rural workers that were exiting Sicily during this time. Rural workers had particularly begun to suffer under the economic depression in Italy. Although many Louisianans saw the potential of these immigrants, there were a large number of locals who had reservations about the matter. For example, neither farmers nor former slaves wanted immigrants infiltrating the southern job market.<sup>18</sup> In addition to the local residents opposing the immigrants for economic reasons, Louisianans were particularly opposed to the immigration of Sicilians. They believed that the Sicilians were an inferior race.

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<sup>16</sup> Charles Shanabruch, "The Louisiana Immigration Movement, 1891-1907: An Analysis of Efforts, Attitudes, and Opportunities," *Louisiana History: The Journal of the Louisiana Historical Association* 18 (1977): 212-220.

<sup>17</sup> *Ibid.*, 204.

<sup>18</sup> *Ibid.*, 221-223.



Overall, this did not create a convincing campaign. Furthermore, Sicilian immigrants knew they would receive more support and acceptance in the Northeast, where large Italian populations had already settled. Although the campaign was not as successful as the Louisiana officials had hoped it would be, there were still a number of immigrants that entered the southern state throughout this period.

Although Sicilian immigrants were aware of the disdain Louisianans held for their race, the southern port did have certain appealing characteristics. According to Thomas Reppetto, Sicilians preferred New Orleans to northeastern ports.<sup>19</sup> Those ports in the New England states, such as Boston and New York, did not resemble their homeland. New Orleans, on the other hand, had a rich Spanish and French influence, much like their tiny Italian Island. The city celebrated with many festivals, had a tendency to be inattentive towards vice activities, and even had the same diseases as those suffered in Sicily.<sup>20</sup>

People also claimed that life in New Orleans was similar to that in Sicily. The climate was good for producing many of the same crops found back at home. Jean M. Brown stated that Sicilians preferred New Orleans due to the port's similar climate.<sup>21</sup> New Orleans was warm and humid, much like their island across the Atlantic. On the other hand, the northeast suffered from erratic and unpredictable weather, not to mention cold winter storms, to which the Sicilians were not accustomed. Apparently recruiters failed to mention the erratic hurricanes that hit the southern coast.

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<sup>19</sup> Reppetto, *American Mafia*, 7.

<sup>20</sup> *Ibid.*

<sup>21</sup> Jean M. Brown, *Free Rein: Galveston Island's Alcohol, Gambling, and Prostitution Era, 1839-1957* (Beaumont: Lamar University, 1998), 24.

During this period, over 130,000 Italians emigrated from their country to America. There was a push from the oppression experienced in Sicily and a pull from the South's immigrant movement. Because of New Orleans's numerous appeals, the southern port experienced a dramatic increase in immigrants. Pre-Civil War estimates of the Italian population ranged around several thousand. However by 1890, that number had increased to approximately 25,000.<sup>22</sup> So despite the fact that the newcomers continued to suffer persecution and harassment similar to that which had been ongoing in Sicily for years, Sicilians entered the South at massive rates.

Major cities that received high numbers of immigrants, such as New York, frequently experienced high rates of unemployment and overcrowding. Furthermore, these cities are typically associated with some degree of organized crime. Italians were not the only immigrants who became involved in organized crime.<sup>23</sup> These problems were especially prevalent in New Orleans, where many immigrants were recruited for field labor.

As a result of the Louisiana immigration movement, there were a growing number of immigrants in the south. As pointed out, the Louisiana lifestyle and climate appealed to many Italians. Thus, Italians reportedly made up the largest immigrant group in New Orleans.<sup>24</sup> Just as New York experienced a positive correlation between deteriorating social conditions and growing immigrant populations, New Orleans also saw negative changes in the community.

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<sup>22</sup> Reppetto, *American Mafia*, 7.

<sup>23</sup> Mallory, *Organized Crime*, 19. Mallory also reports organized crime groups within Jewish and Irish communities throughout the major U.S. cities.

<sup>24</sup> Jean Ann Scarpaci, "Immigrants in the New South: Italians in Louisiana's Sugar Parishes, 1810-1910," *Labor History* 16 (1975): 166.

When immigrants arrived in the United States, they found that conditions had not particularly improved for them after moving across the Atlantic. The oppression and poor quality of life that many Europeans were attempting to escape were still issues when they settled in America. As a result, groups responded in much the same way they did in their native countries. Just as Italians had responded to a low quality life with brigandage and organized crime in Sicily, so did the Italians who had resettled in New Orleans and the surrounding cities.<sup>25</sup>

This was often the result of a false hope for better opportunities. Rather than working as free laborers, many newly arrived Italians fell victim to peonage.<sup>26</sup> The immigrated laborers were basically replacing the role of the South's slaves, recently freed under the Emancipation Proclamation. The oppression felt by newly arriving residents led to voluntary and involuntary segregation. The locals frequently shunned them, but they also naturally banded together for support as well.

These minority communities quickly fostered the environment for illegal activities similar to those found in their native country. In Sicily, groups assembled and called themselves "La Cosa Nostra."<sup>27</sup> This was reportedly in response to the harsh social and economic conditions the Sicilians faced.<sup>28</sup> As Mallory explained, "To survive, the unemployed began to commit criminal acts and then form gangs for power and profits."<sup>29</sup> When the Italians arriving in the United States suffered from the same social circumstances, they again resorted to organized crime.

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<sup>25</sup> Saladino, *Unification to 1919*, 20. Brigands formed before the Unification of Italy. They developed as a result of the lack of legitimate opportunities in Sicily and Naples.

<sup>26</sup> Shanabruch, "Louisiana Immigration," 223.

<sup>27</sup> Dickie, *Cosa Nostra*, 217.

<sup>28</sup> Reppetto, *American Mafia*, 5-7.

<sup>29</sup> Mallory, *Organized Crime*, 19.

The Maceo family was one of the thousands of families to relocate during this turbulent time. However, this particular family's arrival would have a lasting effect on the Gulf Coast that no one could have anticipated. They spent a brief time among the thousands of other Italian immigrants in Louisiana before relocating. Nevertheless, this brief time was long enough for one of the brothers to gain an insider's perspective for organized crime.

### The Maceos Settle in America

When the Maceos arrived in the United States, they discovered, like many other immigrants, that things were not much different than back home. In Louisiana, the Sicilians were not favored, so groups of Italians formed small communities. These communities suffered from continued poverty. As mentioned, this resulted in the same organized crime that had occurred on the native island. It comes as no surprise then that one of the brothers quickly became involved in his first organized crime group. Through this group, Sam learned a few quick lessons in the trade. When the brothers moved to Galveston, they were equipped with the necessary tools to participate in the small island's own criminal activity.

Rosario "Rose" Maceo was born in Palermo, Sicilia, Italy on June 8, 1887. He departed from his native country as a young teenager, sailing across the Atlantic Ocean and arriving in Louisiana in 1901.<sup>30</sup> Yet, the rest of his family initially remained in Palermo. His parents, Vittorio or "Vito" and Angelina, as well as his siblings, Olivia, Salvatore or "Sam," Vincenzo or "Vincent," and Frank Maceo joined him in the United States throughout the following decade. Rosario, along with the rest of his family, first

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<sup>30</sup> [1930](#) Census, Texas, Galveston County.

settled in Leesville, Louisiana. Olivia was the eldest of the four children. Vincent, who was a mere 6 years old when he arrived with his parents in 1902, was the youngest.<sup>31</sup>

In age, and perhaps in other aspects, Sam Maceo was Rose's closest brother. He was born November 24, 1890.<sup>32</sup> Sam sailed to America aboard the *Liguria*, departing from Palermo on September 18, 1910. It took two weeks to cross the Atlantic and land at the New Orleans port.<sup>33</sup> At the time of his arrival, Sam was twenty years old. He joined his family that had already arrived in the United States and settled in Leesville. He had a mere \$13.00 in his pocket when he stepped off the ship.

The family's time in Louisiana was very limited. Nevertheless, this is where Sam was given his first opportunity to apply the knowledge he had taken from Sicily. It was in an Italian neighborhood called "Little Palermo" where he first became involved in the activities of an organized crime syndicate.<sup>34</sup> While living in Sicily, the brothers simply observed crime families as outsiders. Upon arriving in New Orleans, Sam Maceo followed in his father and brother's footsteps.<sup>35</sup> He attended barber school to try to establish a career. Unfortunately he continued to struggle financially as a barber and shortly after became involved with the local mafia group. Sam's involvement in the group, in a place called "Little Palermo", provided him with new insider information.

Rose also continued to struggle financially. Working as a barber in Leesville did not provide a substantial income. Tired of the struggle in Louisiana, Rose left to settle

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<sup>31</sup> U.S. Bureau of the Census, Thirteenth Census, 1910, Louisiana, Leesville Ward 3 (Record Group 29, National Archives, Washington, DC [www.ancestry.com, accessed September 9, 2013]). Various sources suggest Frank Maceo was involved in the Maceos' activities, but there is no factual evidence. If he was indeed involved, he remained out of the public eye. Records also show that Vittorio and Angelina had a fifth child, Gaetano, who was born in 1892, but only lived until 1897.

<sup>32</sup> [1930](#) Census, Texas, Galveston County.

<sup>33</sup> Passenger Lists of Vessels Arriving at New Orleans, Louisiana, 1903-1945.

<sup>34</sup> Brown, *Free Rein*, 24.

<sup>35</sup> *Ibid.*

in Galveston in 1912. There, he found greater financial success. Although the exact date is unclear, Sam joined his brother in Galveston a few years later. By 1917, Sam claimed Galveston as his permanent address on a registration card for World War I.<sup>36</sup> After Olivia followed her brothers to Galveston, she married Frank Fertitta.<sup>37</sup> The marriage between Olivia and Frank provided what would later prove to be a significant unification.

Although some immigrants enjoyed success and fortune in the states, the vast number of immigrants crowded into a single geographical region created poor social circumstances for the majority. In particular, “Little Palermo” was described as “a crowded slum next to the waterfront.”<sup>38</sup> As mentioned, densely populated urban areas tended to breed crime—specifically organized crime. “Little Palermo” was no exception. Still, Sam’s brief involvement with the crime family provided him with the chance to experience the hierarchy and politics of organized crime—something he mastered in his later years. “Little Palermo” prepared Sam and Rose for the activities they would soon become involved with in Galveston.

Mallory described the characteristics under which organized crime is typically produced. They include “severe overcrowding, rampant crime, disproportionate wealth, gang activity, corruption of public officials, and widespread gambling and prostitution.”<sup>39</sup> When looking at Galveston, the island already suffered from several of these characteristics. As explained in the previous chapter, there was already widespread gambling and prostitution on the island. There was corruption of public officials as

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<sup>36</sup> U. S. Department of War, World War I Draft Registration Cards, 1917-1918, Galveston County, Texas (National Archives, Washington, DC [www.ancestry.com, accessed September 8, 2013]).

<sup>37</sup> Frank E. Chalfant, *Galveston Island of Chance* (Houston: Treasures of Nostalgia, 1997), 16-19.

<sup>38</sup> Reppetto, *American Mafia*, 8.

<sup>39</sup> Mallory, *Organized Crime*, 112.

explained by Mary W. Remmers.<sup>40</sup> There was also already gang activity on the island. And there was a lack of economic opportunity for many residents.

The two gangs that were already present when the Maceos arrived were the Beach Gang and the Downtown Gang. Dutch Voight, a German immigrant and his partner Ollie Quinn headed the Beach Gang. Although Voight had the final say in the gang's activities, Quinn was the recognized leader of the group. Voight was the first rum runner in Galveston. On the contrary, Johnny "Jack" Nounes and his partner, George Musey, led the Downtown Gang.<sup>41</sup>

Although these gangs existed prior to prohibition, when the Volstead Act was passed in 1919, the gangs' activities burgeoned. Prior to the passing of the Volstead Act, Galveston had high rates of prostitution and gambling. Now the demand for alcohol had to be met through illegal channels, which provided a new trade for the criminal groups. At this point, the underworld in Galveston became intertwined in illicit partnerships outside the realms of the island; the gangs were receiving shipments of alcohol from various countries. The Beach Gang and Downtown Gang ultimately dominated the bootlegging business of Galveston. This period marked a growth in organized crime for the island.

As the quantities of illegal liquor imports increased, the gangs began to establish their territories. The marking of territories can be seen as the beginning of the groups' end. With new territories, there was more conflict between the two gangs. This was an additional factor in the brothers' success. Although Galveston's history gave rise to a fertile environment for organized crime and the brothers' cultural experiences prepared

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<sup>40</sup> Remmers, *Going Down the Line*, 7-24.

<sup>41</sup> Brown, *Free Rein*, 26-27.

them for a career in crime, the instability among the island's gangs provided the brothers with an open invitation to the top of Galveston's underworld.

In order understand how the Maceo brothers progressed so quickly, it is important to evaluate the gangs. Each of the two gangs suffered certain internal weaknesses. As frequently occurs, there were untrustworthy members in each group. Furthermore, the inter-gang competition had a remarkable impact on the brothers' progression. The gangs were killing each other, which inherently diminished the number of rungs the Maceos had to climb to get to the top of the ladder.

#### From One Port City to Another

By the time the Maceo brothers arrived in Galveston, the residents had experienced rapid and drastic changes. As explained, the city had suffered many setbacks, which eventually led to Houston's advancement. Throughout the following decades, Houston continued to grow. Burka claims that at the beginning of the 1920s Galveston Island was home to about 80 steamship companies. However, each of these companies slowly relocated to Houston.<sup>42</sup> Inevitably, the locals were forced to expand their possible tourists' attractions. As the Maceos became Galvestonians, they aided in this development, creating a nationally recognized reputation.

Although the Maceo brothers within a few years were doing better in Galveston than they were previously doing in Leesville, their particular trade did not render very profitable returns. The brothers were charging a mere 25 cents per haircut. When Sam joined his brother in Galveston, Rose was working on Murdoch's Pier. Sam found work

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<sup>42</sup> Paul Burka, "Grande Dame of the Gulf," *Texas Monthly*, December 1983, accessed June 16, 2013, <http://www.texasmonthly.com/content/grande-dame-gulf>.



in the Galvez Hotel shortly after relocating. It was Rose's position on the pier that first brought the brothers in contact with Galveston's vice crime.<sup>43</sup>

Once again, organized crime was used to overcome the harsh reality of poverty. As mentioned, Galveston already harbored many characteristics known to produce crime. Not only did it appear to be the perfect nest for a crime family, but the island had been built on a spirit of free will. Galveston had been the location of many illegitimate businesses, as well as many activities that was not widely accepted. The brothers quickly found themselves in the middle of such illegitimate businesses. They found this provided a quicker dollar than a career in barbering, just as the criminal activity in "Little Palermo" had also yielded a larger return.

Murdoch's Pier, where Rose worked, was a frequent hang out for Galveston's Beach Gang. As mentioned, Dutch Voight and his partner Ollie Quinn headed the Beach Gang. While working on the pier, Voight became a regular customer of Rose Maceo. Over time Rose gained his client's trust. So when the time came that Voight needed a favor, he knew who to ask.

In 1921, the gang leader received a large shipment that included 1,500 bottles of liquor.<sup>44</sup> Unfortunately for the Beach Gang, the shipment had been brought to the attention of a group of federal customs agents. The federal agents were working diligently to track it down. Voight was already on their radar, so he understood that his only option was to move the shipment to a location that could not be traced back to him. Voight reached out to his barber, Rose Maceo.

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<sup>43</sup> Gary Cartwright, *Galveston: A History of the Island* (New York City: MacMillan Publishing Company, 1991), 212-213.

<sup>44</sup> *Ibid.*, 212.

Voight had previously been made aware of Rose's place of residency. Therefore he was aware that Rose had a space beneath his house, which was out of public view as a result of the increased elevation of Galveston in the years following the Great Storm of 1900. He asked Rose to store the bottles under his home for no more than three days, after which time the shipment would be divided and shipped elsewhere. Voight also informed Rose that he would be generously compensated a dollar for each bottle stored under his home—a total of \$1,500.<sup>45</sup>

Rose agreed somewhat reluctantly. His brother Sam and he had participated in bootlegging as well, but on a much smaller scale.<sup>46</sup> During the holidays, the two had handed out bottles of bootlegged wine to some of their top clients. They inconspicuously passed the bottles in hollow loaves of bread. After the holidays had passed, Sam and Rose received a high demand for more of the wine. Giving in to these demands, they continued to pass the bootlegged alcohol. When asked of his involvement in bootlegging years later, Sam reportedly told friends that the reason for selling his first bottle of bootlegged alcohol was to help pay for his mother's medical bills.<sup>47</sup>

Despite these previous minor involvements, the request from Voight had much higher risks. The three nights that Rose slept over the 1,500 bottles were reportedly restless nights.<sup>48</sup> However, when Voight came to retrieve the bootlegged liquor, Rose refused the agreed upon payment. Instead he requested the money be invested in

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<sup>45</sup> Ibid.

<sup>46</sup> Brown, *Free Rein*, 25.

<sup>47</sup> "Sam Maceo, Galveston Gambling Man, Weeps When Freed of Charges of Dope Peddling," *The Port Arthur News*, October 25, 1942, accessed July 15, 2013, <http://access.newspaperarchive.com/port-arthur-news/1942-10-25/page-12>.

<sup>48</sup> Cartwright, *History of the Island*, 212.

future ventures and for his brother and him to be a part of the Beach Gang's next deal. Voight and Quinn, knowing the Maceo brothers were trustworthy individuals, agreed to allow the brothers to participate. This marked the beginning of the Maceos' involvement in Galveston's organized crime.

From the time of this first venture, the brothers did not waste time. It is reported that the same year the Maceo brothers became associated with the Beach Gang, Sam opened a soda stand, which served as a front business for bootlegging activities.<sup>49</sup> This was just the beginning of the construction of an empire. Soon the Maceos were providing gambling opportunities for Galvestonians and tourists. They provided liquors and wines for the guest of their clubs, never letting prohibition slow them down. Furthermore, they provided first-class entertainment that had never been brought to the South. These activities were uniquely placed under one roof—a popular idea that seemed to take off.

Although Sam was a likeable character, as will be explained in subsequent chapters, it took more than a great personality to build this great empire. Each of the factors discussed thus far contributed to the brother's success. Social elements truly created a community that was thirsty for illicit activities. Galveston thrived on entertainment and drinking. However, without the brothers' cultural background and previous understanding of organized crime, it is likely they would have faltered, much like the previous gangs on the island.

Nevertheless, Sam worked with poise to attract much positive attention to the Maceo brother's businesses. As will be explained, Sam really did care for the island like a true Galvestonian. His brother, although not as amiable, was still seen as a key

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<sup>49</sup> Brown, *Free Rein*, 34-35.

player in the businesses. His role on the island was much different. Just as the brothers could not have succeeded without the trials and events that led to Galveston's free will attitude, the brothers could not have succeeded with the other. Each Maceo played an imperative role, which aided in the construction of a name known nationwide.<sup>50</sup>

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<sup>50</sup> "Ex-Barber Runs Plushy Game Room in Texas," *Galveston Daily News*, April 23, 1947, accessed October 3, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1947-10-03/>.

CHAPTER 4  
THE FREE STATE OF GALVESTON: BOOTLEGGED LIQUORS,  
ILLEGAL GAMBLING, AND PROSTITUTION

From the 1920s to the 1950s Galveston operated as an “open city.”<sup>1</sup> But it was not the only city in Texas that offered gambling. Beaumont, Victoria, Corpus Christi, Fort Worth, and Port Arthur also dabbled in the gambling business.<sup>2</sup> As Paul Burka has explained, the difference between Galveston and other Texas cities, such as those listed, was the fact that Galveston offered such activities everywhere. The Maceos had the support of the locals and practiced their trade in the open. As a result, when one left Harris County and entered Galveston County, he crossed the “Maceo-Dickinson line.”<sup>3</sup>

As explained, Sam and Rose Maceo became involved in Galveston’s criminal activity when they were approached by Dutch Voight. Shortly after their initial business agreement, the Maceo brothers became vital members in the Beach Gang’s activities. Throughout the next few years, the brothers took advantage of the group’s weaknesses. They utilized their own knowledge regarding organized crime, which was gained from their time in Sicily and “Little Palermo.” With this knowledge, Sam and Rose were able to quickly progress to the top. Upon obtaining leadership of not just the Beach Gang, but also the remaining members of their rival Downtown Gang, the brothers began to build a legacy on the island.

When the brothers became involved in the Beach Gang’s activities, America was at the height of Prohibition. Although the island’s two gangs controlled the majority of

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<sup>1</sup> Mary W. Remmers, *Going Down the Line: Galveston’s District Remembered* (Galveston: Privately published, 1997), 3.

<sup>2</sup> Paul Burka, “Grande Dame of the Gulf,” *Texas Monthly*, December 1983, accessed June 16, 2013, <http://www.texasmonthly.com/content/grande-dame-gulf>.

<sup>3</sup> *Ibid.*

the area's illicit activities, Galveston was a popular port used for smuggling bootlegged liquors and attracted other rumrunners as well. Newspapers constantly ran articles regarding the port's activities. They frequently reported stories such as "Rum Runners Captured off Galveston Coast."<sup>4</sup> Plus there were regular reports of suspicious ships being detained off the coast of Galveston.<sup>5</sup> The island's gangs received a similar negative spotlight through many of the local news stories.

A large portion of the negative spotlight targeted at these groups was due to the ongoing struggles between opposing members. As mentioned, Prohibition marked a new era for Galveston's vice crime. Due to the demand for liquor trafficking, there was more business coming in and going out of the island. As a result of greater competition, there were also ongoing turf wars. Galveston became an area with frequent gun battles in the public streets and alleyways.<sup>6</sup>

There were a number of gang-related murders throughout the 1920s-1930s. George Musey was involved in a murder in which the victim was buried "head first in quick lime."<sup>7</sup> There is also a local legend that Rose Maceo killed his first wife. As journalist Robert Nieman claims, after Rose discovered his wife was having an affair, both her body and that of her lover were found floating in Galveston Bay.<sup>8</sup> Locals

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<sup>4</sup> "Rum Runners Captured off Galveston Coast," *Lubbock Morning Avalanche*, January 5, 1924, accessed October 4, 2013, <http://access.newspaperarchive.com/morning-avalanche/1924-01-05>.

<sup>5</sup> "British Motorboat Forfeited by Order of Federal Judge," *The Victoria Advocate*, May 29, 1925, accessed October 3, 2013, <http://access.newspaperarchive.com/victoria-advocate/1925-05-29>; "Tomako Seized on Washington Orders," *Galveston Daily News*, November 27, 1923, accessed October 3, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1923-11-27>.

<sup>6</sup> "Well-known Criminals Called Isle Home in '30s," *Galveston Daily News*, December 11, 1996, accessed December 5, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1996-12-11>.

<sup>7</sup> Gary Cartwright, *Galveston: A History of the Island* (New York: MacMillan Publishing Company, 1991), 238-239.

<sup>8</sup> Robert Nieman, "Galveston's Balinese Room: Born: 1942—Died 2008," *Texas Ranger Dispatch*, 27, (2008): 10, accessed June 24, 2013, [http://www.texasranger.org/dispatch/Backissues/Dispatch\\_Issue\\_27.pdf](http://www.texasranger.org/dispatch/Backissues/Dispatch_Issue_27.pdf).

seemed to enjoy this legend and continued to retell it. Perhaps it added to the dangerous character that had evolved around Rose.

However, the truth of the matter is it was not Rose's wife that was found dead. Madge Maceo, early wife to Vincent Maceo, was the woman found. There was no lover in the next grave; she was found alone in a group of bushes just off the road. Vincent, who found the body, was briefly held for questioning. He stated that his wife had been wearing expensive jewelry, which appeared to be missing when the body was discovered.<sup>9</sup> Despite the initial suspicion of Vincent, he was never charged for his wife's murder.

In the early 1930s, Rose was actually involved in one particular murder case. In April 1933, he was arrested in connection with and charged for the death of a local licensed pilot, Lee Hausinger, after the victim was found on a sidewalk shot twice.<sup>10</sup> However, Hausinger was not an innocent victim in the wrong place at the wrong time. Police found that he was wanted in connection to the robbery of Frank Fertitta, Olivia Maceo's husband, just hours before the shooting.<sup>11</sup> Plus he was being tried in a case of armed robbery and kidnapping.<sup>12</sup>

Soon after the shooting occurred, Rose Maceo surrendered himself to the police.<sup>13</sup> In the criminal case that ensued, a "Mrs. Bolton" testified that Hausinger told her that Rose had shot him. She stated, "Hausinger [...] said: 'Listen, Cora and

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<sup>9</sup> "Find Body of Wife in Clump of Bushes," *Fort Worth Star-Telegram*, November 4, 1921, accessed October 7, 2013, <http://genealogybank.com/gbnk/newspapers/doc>.

<sup>10</sup> "Galveston Flier Found Dying on Beach Sidewalk," *The Orange Leader*, April 21, 1933, accessed September 12, 2013, <http://texashistory.unt.edu/ark:/67531/metaph289371/>.

<sup>11</sup> "Slain Aviator Identified as Holdup Man," *The Orange Leader*, April 23, 1933, accessed September 13, 2013, <http://texashistory.unt.edu/ark:/67531/metaph289372/>.

<sup>12</sup> "Young Flyer Facing Trial in Kidnaping Assassinated: Charge of Murder is Filed against Rose Maceo after Shooting Affray," *The Galveston Daily News*, April 21, 1933, accessed January 20, 2014, <http://access.newspaperarchive.com/Galveston-daily-news/1933-04-21>.

<sup>13</sup> Ibid.

everybody, I want you all to know that Rose Maceo did it. He shot me in the back.”<sup>14</sup>

Despite such compelling evidence, the grand jury returned to no bill the murder case.<sup>15</sup>

Rose received hardly more than a slap on the wrist.

These two cases just added to the mystery of Rose. As the Maceo brothers ascended to the top of Galveston’s world of vice, Rose became known as the “enforcer” (for those who prefer to rely on traditional mafia terms).<sup>16</sup> Therefore, these cases helped develop the necessary character profile for Rose. Events such as these ensured Rose would be quite capable of effectively fulfilling his role in his brother’s operations and his own.

Although the murders discussed depict a growing aggression on the island, these particular victims were members of neither the Beach Gang nor the Downtown Gang. Violence among the gang members themselves became a particular problem. Such violence was the product of a relentless battle for control over the island. There was a constant struggle within groups, as well as between groups. Therefore, as Sam and Rose Maceo climbed to the top of Galveston’s underworld, they became intertwined with the dangerous encounters between the island’s gangs.

Although vice has always been present in Galveston, there was a fierce competition for the businesses when the port became an open door for smuggled alcohol. Because of Galveston’s geographical potential, interest was even received

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<sup>14</sup> “Bond for Maceo is Reduce at Hearing: Only One Witness Testifies at Preliminary Trial in Murder Case,” *Galveston Daily News*, April 30, 1933, accessed December 21, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1933-04-30>.

<sup>15</sup> “Maceo Apparently No-Billed by Jury: Crawford Refuses to Comment but No Indictment Returned,” *Galveston Daily News*, May 27, 1933, accessed December 21, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1933-05-27>.

<sup>16</sup> Nieman, “Galveston’s Balinese Room,” 6-10.



from individuals who were not local to the island. In particular, Al Capone became interested in the island's activities.

It is important to look back, before Prohibition, to understand why Capone had an interest in Galveston. Prior to this era, Johnny "Jack" Nounes had a partner by the name of Francesco Raffaele Nitti. Nitti was an Italian immigrant who had traveled to Galveston like many of the island's gang members. More specifically, Nitti was of Sicilian descent. However, Nitti did not stay in Galveston long. After briefly working with Nounes, he fled from Galveston with a stash of Nounes' cash and headed north, to Chicago, with profits equaling \$24,000.<sup>17</sup>

Upon reaching Chicago, Nitti partnered with Capone. According to Jean M. Brown's published master's thesis, Nitti possessed the Sicilian heritage that Capone was missing.<sup>18</sup> Because Capone was not of Sicilian descent, he was unable to fully penetrate the organized crime of Chicago. However, by partnering with a Sicilian, in this case Nitti, Capone was finally able to form direct associations with other groups in the city. He was finally in the middle of Chicago's world of organized crime.

After settling with Capone in Chicago, the man who had previously absconded from Galveston carrying Nounes' money became known as Frank "The Enforcer" Nitti. Working as Capone's right hand man, Frank Nitti became infamous for his work in Chicago.<sup>19</sup> However, while working alongside Capone, Nitti frequently told stories of the success on a tiny island off the coast of Texas. He explained that he had abandoned his involvement in the island's activities before Galveston experienced the benefits of

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<sup>17</sup> Jean M. Brown, *Free Rein: Galveston Island's Alcohol, Gambling, and Prostitution Era, 1839-1957* (Beaumont: Lamar University, 1998), 28-29.

<sup>18</sup> *Ibid.*

<sup>19</sup> Ronald Humble, *Frank Nitti: The True Story of Chicago's Notorious "Enforcer"* (New Jersey: Barricade Books, 2008).

Prohibition. He told Capone of a burgeoning underworld in which they should become involved, by force if necessary.<sup>20</sup>

That is exactly what was attempted. Naturally, Capone became interested in Galveston and desired a part in its illegitimate activities. Therefore, he sent Nitti back to the island in order to make an offer to the Maceos. However, the Maceos were not so eager to make a deal. There are varying versions regarding what happened when Nitti returned to the tiny southern island. Nevertheless, the consensus is that Nitti was either chased out of Galveston or removed from town and ordered never to return. Before departing from the island for his second time, Nounes required Nitti to hand over the money he had previously stolen.<sup>21</sup> Following this encounter, there are no additional reports of Nitti ever returning to Galveston again.

This story illustrates the allure Galveston had, even before the Maceos arrived. The island's activities attracted the attention of the infamous Capone. This also emphasizes the importance of the brothers' later success. Capone, who inflicted terror on Chicago throughout the early 1920s, did not have the right tools to penetrate Galveston's underworld. As will be illustrated, even the gangs that had previously established themselves on the island were not strong enough to survive. The growth of the Maceo Empire depended on personal characteristics, as well as the previously discussed social and cultural aspects of Galveston that made it a "free state."

At this point, it is also necessary to look at the inter- and intra-gang dynamics in Galveston throughout Prohibition. The Downtown Gang and the Beach Gang fought to maintain their previously established territories. This meant conflict regularly occurred

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<sup>20</sup> Cartwright, *History of the Island*, 210-211.

<sup>21</sup> Ibid.

between the two groups. However, the gangs also faced constant internal struggle. Both types of struggles added to the violent gang warfare that was birthed under the Volstead Act.

George Musey, leader of the Downtown Gang, caused the earliest conflict experienced by the Maceos and the rest of the Beach Gang. The Maceos, still under Dutch Voight's oversight, had business in the north and northwest, shipping alcohol as far as Cleveland. The gang regularly received shipments of liquor through Galveston Harbor before shipping them north. They also shipped alcohol to New Orleans, another location of business. However, Musey managed to learn the route that was used between Galveston and New Orleans.<sup>22</sup>

As Galveston made more profits from Prohibition, the rivalry between the island's two gangs intensified. Musey began intercepting the Maceos' alcohol shipments between Galveston and New Orleans. He would openly buy and sell the shipments he confiscated from the Maceos' transport route to the "Big Easy."<sup>23</sup> When Sam and Rose learned what Musey was doing, they were outraged.

Nevertheless, it is explained that the Maceos continued to bide their time. With Quinn still the leader of the Beach Gang, and Voight still second in command, Sam and Rose were careful not to step on any toes. So even though the brothers were not at all happy about Musey's interceptions and his making a profit from them, they both understood that they were in no position to retaliate.<sup>24</sup> With time, the brothers would finally return the favor to Musey. However such an act would also involve the help of a disgruntled Downtown Gang member.

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<sup>22</sup>Brown, *Free Rein*, 45-46.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

As previously mentioned, Musey was one of the leaders of the Downtown Gang, partnered with Nounes. In 1924 Nounes was jointly convicted with a man by the name of Joe Varnell.<sup>25</sup> It was discovered that the two were involved in a conspiracy to ‘import, receive, transport and facilitate the transportation after importation of intoxicating liquor...’<sup>26</sup> According to a newspaper article, their British schooner was carrying over 4,200 bottle of various liquors when it was intercepted.

About a year after the initial sentence, Nounes learned that his appeal had been denied and that he would indeed be required to serve two years in Leavenworth and pay a fine of \$5,000.<sup>27</sup> However, it did not take Nounes long to reclaim his territory in Galveston. After being released, Nounes was again under suspicion in 1927. The second case concerned the activities at a club he managed. Texas Attorney General Claude Pollard obtained an injunction to stop its operations after a search warrant yielded over \$10,000 of gambling paraphernalia in the Roseland Dinner Club.<sup>28</sup>

In 1929, Nounes received his second liquor-related conviction. Nounes and Musey were both arrested months after the seizure of two ships bearing illegal liquors—the *Imperator* and the *Lena*, both located near Seabrook.<sup>29</sup> Shortly after the initial indictment, both men were found guilty on seven counts of conspiracy to smuggle illegal

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<sup>25</sup> “Two Galvestonians and Crew of British Schooner Face Charges: Complaints Are Filed; Zinn Indicates Cases of Men Closely Allied,” *Galveston Daily News*, January 9, 1924, accessed October 4, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1924-01-09>.

<sup>26</sup> *Ibid.*

<sup>27</sup> “Conviction of Nounes and Varnell Affirmed by Federal High Court,” *Galveston Daily News*, March 12, 1925, accessed November 13, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1925-03-12>.

<sup>28</sup> “Injunction Issued Against Roseland: Attorney General’s Department Alleges Gambling at Club There,” *Galveston Daily News*, August 18, 1927, accessed November 15, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1927-08-18>.

<sup>29</sup> “Liquor Conspiracy Charge Filed Here: Musey and Nounes Are Held Under \$10,000 Bonds in Case,” *Galveston Daily News*, February 12, 1929, accessed November 13, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1939-02-12>.

alcohol through the Gulf of Mexico.<sup>30</sup> These charges essentially caused the demise of the Downtown Gang, which eliminated local competition for the Beach Gang, as well as competition for Sam and Rose Maceo.

Musey was found guilty on all charges and sentenced to three years and six months in prison. However, before indictments were returned, Musey fled the island. He was reportedly seen taking a motorboat in order to catch a steamer.<sup>31</sup> From there, he fled to Canada, specifically Montreal.<sup>32</sup> In his absence, as well as that of Nounes, Musey put a man by the name of Marvin J. “Big Jim” Clark in charge of the Downtown Gang’s activities, subject to instructions from Musey in Canada. Unfortunately Musey and “Big Jim” were unable to agree on a few details. This led to betrayal, deceit, and the end of the Downtown Gang.<sup>33</sup>

Clark had his own operations to continue handling in Montreal. Overall, Musey was unsatisfied with the way Clark neglected the Downtown Gang’s business on the island. Supposedly there may have been a woman involved, although there is no clear indication of who she may have been. Whatever the cause for the tension between the two men, “Big Jim” betrayed Musey. “Big Jim” provided the Maceos with the opportunity to retaliate against Musey for his past indiscretions—that is, for previously having intercepted the brothers’ alcohol shipments.<sup>34</sup>

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<sup>30</sup> “Nounes and Musey in Jail Here to Await Sentence of Court,” *Galveston Daily News*, May 12, 1929, accessed November 13, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1929-05-12>.

<sup>31</sup> “Musey Case on Federal Docket: Court Will Open Here Monday,” *Galveston Tribune*, February 22, 1930, accessed November 20, 2013, <http://access.newspaperarchive.com/galveston-tribune/1930-02-22>.

<sup>32</sup> David G. McComb *Galveston: A History*, (Austin, Texas: University of Texas Press, 1986), 160-161.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

After waiting for so long, the circumstances were right for the brothers to act. Their next move ultimately won them complete control of the island's illicit activities. Before Clark left the Galveston scene for good, he informed the Beach Gang about Musey's shipment that was scheduled to arrive. Thereafter, the Beach Gang promptly intercepted Musey's shipments and stole over \$200,000 worth of liquor.<sup>35</sup> Unfortunately for Musey, reports of the time indicate that he was still on the run, which made it difficult for him to defend his territory and shipments.<sup>36</sup>

Ultimately, this served as a lesson to Musey. Nonetheless, after the Maceos stole liquor from the Downtown Gang, tensions were running even higher than normal on the island. At first it appeared that Musey would not act back.<sup>37</sup> The two gangs were even after all, but all was not good on the island. About three weeks after the Maceos stole Musey's shipment, a shootout occurred downtown on Tremont Street that involved members from both of Galveston's crime groups. It resulted in the deaths of members from each gang.<sup>38</sup>

This particular event removed one man from Galveston's underworld permanently. The local paper stated that Clarence Gregory died of multiple gunshot wounds at John Sealy Hospital. The two men initially charged for the shooting were Theodore "Fatty" Owens and James "Jimmie" Crabb. Owens was convicted and sentenced to two years of imprisonment.<sup>39</sup> Another gentleman, named Mitchell

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<sup>35</sup> Brown, *Free Rein*, 27-46.

<sup>36</sup> "Gun Battle," *Galveston Daily News*, March 15, 1931, accessed January 20, 2014, <http://access.Newspaperarchive.com/galveston-daily-news/1931-03-15>.

<sup>37</sup> "One Dead After Down-Town Gun Fight: Gregory Fatally Hits; Owens and Crabb Are Charged with Death," *The Galveston Daily News*, March 14, 1931, accessed January 20, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1931-03-14>.

<sup>38</sup> *Ibid.*

<sup>39</sup> "Owens Appeal Motion to Be Heard Today," *The Galveston Daily News*, November 18, 1931, accessed January 21, 2014, <http://access/newspaperarchive.com/galveston-daily-news/1931-11-18>.

Frankovich, suffered a chest wound from the gunfight.<sup>40</sup> Upon release, Frankovich faced charges for “rudely displaying a pistol and discharging firearms in the city limits.”<sup>41</sup>

The significance of this shooting is how it helped the Maceos. As already emphasized, events such as this shootout helped to eliminate competition. This enabled the Maceos to advance closer to the top. The man who died as a result of bullet wounds would never cause the Maceos any more trouble. Furthermore, the men who had charges filed on them would not be a threat as long as they were on trial or in prison. While the justice system acted to detain the men in order to decrease the threat against the general public, the Maceos benefited from a decreased threat against their illegitimate businesses.

By this point in time, the Maceo brothers had progressed to nearly the top echelon in Galveston’s organized crime scene. Nevertheless, Dutch Voight still had control over the Beach Gang, and the Maceos did not want to step on any toes. By now the two brothers had expanded their business and owned a couple of clubs near the Seawall. Likewise, Voight owned a club as well. However, he kept his business in downtown Galveston. Voight’s downtown place was called the De Luxe Club. He also owned the Modern Vending Company, which provided gambling paraphernalia to other local businesses.<sup>42</sup> The Maceos were initially respectful, never crossing into the original gang leaders’ downtown territory.

In 1925, the brothers finally approached Voight carefully regarding the De Luxe Club. Sam and Rose had discovered a minute detail that would possibly help them take

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<sup>40</sup> Ibid.

<sup>41</sup> “Frankovich is Charged with Displaying Gun: Protection Asked of Police in Houston,” *The Galveston Daily News*, accessed March 24, 1931, <http://access.newspaperarchive.com/galveston-daily-news/1931-03-24>.

<sup>42</sup> Frank E. Chalfant, *Galveston Island of Chance* (Houston: Treasures of Nostalgia, 1997), 86.

that top position once and for all. The Maceos found that Voight did not own the property where his club was located. He was actually leasing the building from a Canadian. Therefore Sam reached out to the owner and made a deal on the property. Furthermore, the two brothers received Voight's blessing prior to having the property transferred over.

Essentially Voight voluntarily stepped back from his position as a leader.<sup>43</sup> Thus, by the mid-1920s, Sam and Rose were in a position where they controlled much of Galveston's activity. As mentioned, the two brothers basically did this freely. Local law enforcement officials knew what was occurring on the island. Yet, because the community benefited from such activities, a moral gray area existed. Perhaps the Maceos' rackets seemed inappropriate in other cities, but in Galveston, they were accepted. Although there were many social factors affecting this attitude on the island, the greatest would most likely have been the diverse population. The evolving makeup of the population constructed the moral gray area. The Maceos used this to their advantage.

#### The Hollywood Dinner Club and Other Early Establishments

In 1921, shortly after the Maceos' first deal with Dutch Voight and Ollie Quinn, Sam and Rose gave up working as barbers for good. After working for low incomes for so long, the award they received for hiding liquor under their house was extremely appealing. Therefore two men opened up a "soda shop." The soda business was just a

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<sup>43</sup> Brown, *Free Rein*, 27-46.



front for the brothers to continue selling bootlegged liquor.<sup>44</sup> Before long, the brothers advanced to a broader field: they expanded to gambling and alcohol under one roof.

The first club opened by Sam and Rose was called the Chop Suey.<sup>45</sup> The club's grand opening was scheduled for the evening of October 18, 1922. Chop Suey was located on a fishing pier at 21<sup>st</sup> Street. It advertised music, dancing, and fine dining.<sup>46</sup> However, this advertisement did not mention the gambling and alcohol that would be offered behind the scenes. This location would become one of the most famous locations in Galveston, although it was not always operated under the name Chop Suey.<sup>47</sup>

The year 1926 became an especially successful year for Sam and Rose. After renaming Chop Suey as Maceo's Grotto, the two brothers opened a new location—the Hollywood Dinner Club. The opening was scheduled for June 9, 1926 and was one of the largest and most anticipated events of the year. At a price of \$50,000 (almost a \$700,000 value today), the club was designed to accommodate a total of 500 guests.<sup>48</sup> This large venue impressively sold out for the opening night almost a week in advance. In addition, the Sunday before opening, Sam opened the club's doors for a sneak peak to the local Galvestonians, and this event alone attracted over 5,000 curious guests.<sup>49</sup>

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<sup>44</sup> Ibid., 34-35.

<sup>45</sup> Nieman, "Galveston's Balinese Room."

<sup>46</sup> "Chop Suey," *The Galveston Daily News*, October 15, 1922, accessed December 15, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1922-10-15>.

<sup>47</sup> Chalfant, *Island of Chance*, 26-27.

<sup>48</sup> "Brock Sisters, Direct from Chicago Night Club, Will Open at Hollywood," *The Galveston Daily News*, June 7, 1926, accessed September 28, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1926-06-07>; U.S. Bureau of Labor, "Statistics, Databases, Tables, and Calculators by Subject, CPI Inflation Calculator," accessed October 27, 2013, [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm).

<sup>49</sup> "Brock Sisters," *Galveston Daily News*.

The club was located at 61<sup>st</sup> Street and Avenue S.<sup>50</sup> It was reportedly the first air conditioned club in the United States. The décor was elaborate down to the crystal chandeliers.<sup>51</sup> Furthermore the club offered first-class cuisine, the nation's best entertainers, and of course, illegal gambling and alcohol.<sup>52</sup> The Hollywood Dinner Club was predicted to be "one of the finest and most elaborate [clubs] in the South."<sup>53</sup> Perhaps it lived up to these expectations.

The Maceos were known for not only providing the finest food and illegal gambling and drinks, but also the finest entertainment. Chalfant listed the typical entertainment at the Hollywood Dinner Club. He explained that popular stars were frequently invited to the club, such as:

Frank Sinatra, Sophie Tucker, Joe E. Lewis, the Ritz Brothers, Peggy Lee, Marjorie Reynolds, Phil Harris, and superb big bands such as Henry Busse, Isham Jones, Bob Crosby, Pen Pollack, Guy Lombardo and his Royal Canadians, Ted Mack, Jimmy Dorsey, Ted Weems, Shep Fields, Ray Noble, and Freddy Martin.<sup>54</sup>

These were among the top entertainers of the time. It was said that few celebrities ever passed through the island without meeting Sam Maceo. He invited them to his clubs and sometimes even provided them with a suite at the Galvez Hotel.<sup>55</sup> With promises of only first-class cuisine, gambling, and some of the nation's best entertainers, the opening of Hollywood Dinner Club appealed to more than the just the island's locals.<sup>56</sup> Reservations for its opening night were made by social elites from

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<sup>50</sup> "Dinner Club near Completion," *The Galveston Daily News*, May 16, 1926, accessed December 12, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1926-05-16>.

<sup>51</sup> Cartwright, *History of the Island*, 214-215.

<sup>52</sup> Nieman, "Galveston's Balinese Room."

<sup>53</sup> Ibid.

<sup>54</sup> Chalfant, *Island of Chance*, 28.

<sup>55</sup> "Ex-Barber Runs Plushy Game Room in Texas," *The Portsmouth Times*, April 23, 1947, accessed October 3, 2013, <http://access.newspaperarchive.com/portsmouth-times/1947-04-23>.

<sup>56</sup> Nieman, "Galveston's Balinese Room."

several Texas cities, such as Houston, Dallas, and San Antonio.<sup>57</sup> Prior to its grand opening, the island's local paper announced that stage director, George McQueen, had already booked the club's first featured talents. McQueen promised big names such as Coster and Rich of Chicago's Morrison Hotel, Virginia Cooper, the Brock Sisters, and Gilbert Wells of Wells and Brady.<sup>58</sup> When the Club opened its doors on June 9, 1926, Harry Samuels' dance orchestra provided the opening act.<sup>59</sup>

The Hollywood Dinner Club opened for each summer season for over a decade. Typically, Sam would open his club doors in early May and close them at the beginning of September. In 1927, the club reopened May 11, under the enduring scrutiny of the Texas Rangers and their ally, Attorney General Claude Pollard, Nounes' nemesis.<sup>60</sup> In the midst of this summer season, the Hollywood Dinner Club had an injunction filed against it on the suspicion that it was not just a country club, as had been previously claimed.<sup>61</sup>

Soon after the injunction was filed, Pollard asked for a forfeiture of the club's charter on the grounds that Sam Maceo was running a gambling establishment. Overall, the publicity was too much for Sam, who only wanted to provide locals and

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<sup>57</sup> "Hollywood Club to Have Gate Opening," *The Galveston Daily News*, June 8, 1926, accessed September 26, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1926-06-08>.

<sup>58</sup> "Big Time Talent Booked for Club," *The Galveston Daily News*, June 2, 1926, accessed September 26, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1926-06-02>.

<sup>59</sup> *Galveston Daily News*, May 30, 1926, accessed September 3, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1926-05-30>.

<sup>60</sup> "Asks Forfeiture of Charter of Hollywood Club at Galveston," *Dallas Morning News*, August 19, 1927, accessed September 30, 2013, <http://access.newspaperarchive.com/dallas-morning-news/1927-08-19>.

<sup>61</sup> "In Nightlife Hey Day Burned Club was Gulf Gaming Mecca," *The Galveston Daily News*, August 13, 1959, accessed September 15, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1959-08-13>.

tourists with entertainment and memorable evenings.<sup>62</sup> In order to avoid additional negative publicity, he chose to end his second season with the Hollywood Club early. Although it is unclear how, Sam found a way to have the doors reopened the next season.

When the Hollywood Dinner Club was closed between seasons, the Maceos allowed other major events to take place there. For example, the annual Red Cross Dance took place there every December, beginning in 1933.<sup>63</sup> Also, the Maceos frequently planned an elaborate New Year's celebration at the club. Community members could, at any time, rent out the club. That is what occasionally occurred throughout the slow seasons. The Hollywood Dinner Club continued to open each season until 1940, when the Texas Rangers finally padlocked the doors after an investigation.<sup>64</sup>

During the dinner club's open season, Sam had only the best entertainment scheduled. For example, on April 18, 1934, the opening act was Guy Lombardo and the Royal Canadians.<sup>65</sup> This was the first time that Lombardo played in the state of Texas. Moreover, before opening for the Hollywood Dinner Club, it is reported that the band had only performed in New York, Los Angeles, Chicago, and Cleveland.<sup>66</sup> Still,

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<sup>62</sup>"Night Club Faces Contempt Citation: Pollard Files Motion Asking Action Be Taken against Hollywood," *The Galveston Daily News*, August 19, 1927, accessed September 13, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1927-08-19>.

<sup>63</sup>"Crescent City Boy Bears Good Record: Four Preliminary Bouts to Support Main Fight," *The Galveston Daily News*, December 15, 1933, accessed October 3, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1933-12-15>.

<sup>64</sup>"Sam Maceo, Galveston Figure, Dies," *Dallas Morning News*, April 17, 1951, accessed October 7, 2013, [www.genealogybank.com](http://www.genealogybank.com).

<sup>65</sup>"More about Galveston's Past," *The Galveston County Daily News*, September 7, 1997, accessed August 2, 2013, <http://access.newspaperarchive.com/galveston-county-daily-news/1997-09-07>; "Lombardo Band Opens in Galveston April 18," *Dallas Morning News*, April 15, 1934, accessed July 12, 2013, <http://access.newspaperarchive.com/dallas-morning-news/1934-04-15>.

<sup>66</sup>"Lombardo Band Opens in Galveston April 18," *Dallas Morning News*, April 15, 1934, accessed July 12, 2013, <http://access.newspaperarchive.com/dallas-morning-news/1934-04-15>.

Lombardo was not the only big name that became associated with Galveston Island. The Maceos' establishments regularly featured nationally recognized names.

The summer after Guy Lombardo's debut on the Island, Ben Bernie and his orchestra performed at the Hollywood Dinner Club. The band was originally only scheduled to perform for three weeks. However, there was an extremely high demand for further opportunities to see the Ben Bernie and his band. Therefore, Sam extended their performance for a total of six weeks.<sup>67</sup> Furthermore, Galvestonians started off the New Year with Gus Arnheim in 1935. He was scheduled to perform with his orchestra at two of the Maceos' establishments, the Hollywood Dinner Club and the Sui Jen, throughout the holiday celebrations.<sup>68</sup> Consequently, many tourists did not exclusively visit the island for the beach.

In addition an array of businesses under one roof, Sam Maceo also offered another novel business idea. He arranged to have the club's entertainment shared across the town. The Hollywood Dinner Club offered the first "remote radio broadcast." The *Galveston Daily News* announced that Sam Maceo had spent \$30,000 on a contract with Thomas Goggan & Brother Piano Company. This partnership provided the Maceo brothers with the instruments and other equipment to broadcast the live entertainment of the Club three nights a week on the KFUL radio station. Sam also invested to have an elaborate wire system installed so the clubs and restaurants downtown could enjoy the top musicians.

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<sup>67</sup> "Talent Added to Hollywood Club Program: Ben Bernie to Remain for Three More Weeks in Dance Rendezvous," *Dallas Morning News*, August 12, 1934, accessed October 9, 2013, <http://access.newspaperarchive.com/dallas-morning-news/1934-08-12>.

<sup>68</sup> "Arnheim for Dallas," *Dallas Morning News*, November, 23 1934, accessed October 9, 1934, <http://access.newspaperarchive.com/dallas-morning-news/1934-11-23>.

Overall, the Maceos had created a substantial business for themselves. The pair worked perfectly together. Rose was tough and smart. He worked as a bodyguard or enforcer. Sam, on the other hand, was charming and good-looking. He built effective relationships and served as the public figure for the Maceo crime group.<sup>69</sup> Together, the brothers had gained control of the island's activities.

In 1928, the Maceos remodeled their Chop Suey Café. The location on 21<sup>st</sup> and Seawall became known as the Grotto. Unfortunately, the Grotto did not survive long. The next year, the Grotto was subjected to a raid and was closed down due to liquor and gaming violations. After being forced to close the building down, the brothers sold the property to a third party. Someone else owned the pier until it was damaged by a hurricane in 1932. Thereafter, the brothers bought the property back and reopened it as the Sui Jen Café. Under the new name, the building was returned to its Asian décor and cuisine.

However, it is rumored that after Japan bombed Pearl Harbor, the brothers decided to remodel the building again, to eliminate any potential associations to be made between the war and the atmosphere in their club.<sup>70</sup> On the other hand, the dates do not suggest this, for Pearl Harbor was bombed on December 7, 1941. Originally, the Balinese Room was scheduled to open on New Year's Eve in 1941. If the devastating attack had influenced the design of the building, Sam would not have had a sufficient amount of time to prepare for the opening. Conversely, as journalist

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<sup>69</sup> Nieman, "Galveston's Balinese Room," 6.

<sup>70</sup> N. Ferre, "Balinese Room was Symbol of Old-Time Galveston," *The Galveston County Daily News*, January 1, 2009, accessed June 13, 2013, <http://access.newspaperarchive.com/galveston-county-daily-news/2009-01-01>.

William Cherry has suggested, the attack on Pearl Harbor may have actually delayed the opening of the new club.<sup>71</sup>

Cherry states that the Balinese Room had been constructed by early December. Sam and Rose had friends and family come to the location to appraise the new design and possibly provide any suggestions. However, the night that his close friends and family arrived, the radio reported the Japanese attack. As the guests recalled, Sam went to the bar and sat by himself whilst having a drink, absorbing the news. Then, as family and friends recall, Sam went into hiding, isolating himself over the next couple of weeks. When he reemerged, he stated that he did not like the bandstand and wanted it completely reconstructed. Cherry states this is the reason the club did not open on New Year's Eve as planned. Instead, after the bandstand was redesigned, the Balinese Room officially opened on January 17, 1942.<sup>72</sup>

Undaunted, Sam began to make plans for the next Maceo business on the pier. Then, on a trip to Tennessee, he saw the Hotel Claridge in Memphis. He felt inspired by the design and demanded to know who had created the plan for the building. He discovered that a man by the name of Virgil Quadri, a Massachusetts Institute of Technology graduate, had designed the hotel, so he quickly boarded a train to Chicago to locate Quadri. Together, Quadri and a New York architect designed the new club for the Maceos at 21<sup>st</sup> and Seawall, to be known as the Balinese Room.<sup>73</sup>

The Balinese Room became a nationally recognized name. The new club ultimately replaced the Hollywood Dinner Club, which closed in the late 1930s. Like the

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<sup>71</sup> William Cherry, "How the Maceos Created the Balinese Room," *The Galveston County Daily News*, July 13, 2003, accessed July 01, 2013, <http://access.newspaperarchive.com/galveston-county-daily-news/2003-07-13>.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

Hollywood Dinner Club, the Maceos allowed no less than the best to perform in their Balinese Room night after night. Examples of such entertainers included the Marx Brothers, Frank Sinatra, Tony Bennett, Guy Lombardo, and the Three Stooges, as well as many more that were just as popular.<sup>74</sup> The Balinese Room provided more than just the biggest entertainers. The club also welcomed the “highest-rolling gamblers.” And the brothers always provided an escort home to those gamblers who won big.<sup>75</sup>

The Maceos did not believe it was good business to have locals gambling in their clubs. Therefore, they targeted high rollers from out-of-town. According to Robert Nieman, the brothers understood that their business ventures would only succeed as long as Galvestonians allowed them to do so.<sup>76</sup> Therefore, Sam and Rose did not want the citizens of the island coming into their clubs and losing their money. That was, as Sam believed, the quickest way to lose the residents' support for their illegal activities.

As stated before, the Maceo brothers outright owned or were partners in more than sixty establishments on the Island. Therefore, in addition to the Hollywood Dinner Club and the Balinese Room, the brothers had many other clubs and restaurants. These included the Studio Lounge, the Oyster Bar, the Streamline Dinner Club, and The Fish Room. Also, as mentioned, the brothers had slot machines throughout the Island's businesses. They leased these machines through Gulf Properties, which replaced Ollie Quinn's Modern Vending Company after the brothers squeezed him out. Through this company, slot machines were placed in ordinary businesses all across the island.<sup>77</sup>

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<sup>74</sup> Nieman, “Galveston's Balinese Room,” 7.

<sup>75</sup> Cartwright, *History of the Island*, 41-44.

<sup>76</sup> Nieman, “Galveston's Balinese Room,” 9-10.

<sup>77</sup> Gary Cartwright, “One Last Shot,” *Texas Monthly*, June 1993, accessed June 3, 2013, <http://www.texasmonthly.com/story/one-last-shot/page/0/3>.



One of the additional clubs the brothers established was the Turf Athletic Club. This club served as the headquarters for the Maceos' crime syndicate.<sup>78</sup> This club, like the Hollywood Dinner Club and the Balinese Room, was decorated extravagantly. After local Isaac Kempner had visited the Turf Athletic Club, he reported to his daughter, "Nowhere this side of Hollywood has there been more lavish or lurid décor. It is on the whole in good taste..."<sup>79</sup> Furthermore, at the Turf Club, sports betting took place. Bets could be placed on baseball games and horse races—the latter of the two being the only thing on which Sam Maceo reportedly bet.<sup>80</sup>

#### Beyond Organized Crime: Personal Contributions to the Island

Beyond the tools Sam and Rose Maceo brought to the Island with them—an understanding and appreciation for organized crime—there was something else that ensured the brothers' success. As the two brothers became leaders in Galveston's underworld, they never gave up their love for the island city. They continued to offer businesses that, although illegal, would benefit and interest the citizens. Plus, they continued to give to the city. The growth of the island empire exceeded anyone's expectations of a couple of barbers.

The brothers positively affected the island overall. When the rest of the country was experiencing the Great Depression, it is said that Galveston was untouched by the unfortunate social circumstances. Nieman stated, "There was a worldwide depression everywhere but in Galveston, where money flowed as freely as the ocean that lapped its

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<sup>78</sup> Burka, "Grande Dame of the Gulf."

<sup>79</sup> Cherry, "How the Maceos Created the Balinese Room."

<sup>80</sup> Sam A. Maceo, "Guest Column," *The Galveston Daily News*, August 2, 2007, accessed September 10, 2013, <http://access.newspaperarchives.com/galveston-daily-news/2007-08-02>.

shores.”<sup>81</sup> Furthermore, it is argued that the island’s hotels were booked full of guests throughout the year and that no bank shut down throughout this turbulent time.<sup>82</sup>

In addition to the effects Sam and Rose had on Galveston Island overall, the brothers also had a direct effect on numerous local families. For example, they helped put one man’s children through college. That man, Mike Mitchell, was a father to four children. Naturally, Mitchell wanted to be able to provide his children with a substantial education, but also knew he would not be able to pay for four college tuitions on his meager income. Therefore, Sam offered to help pay for each child’s college education.

According to Mitchell’s son George, his father was never able to pay these loans back to Sam in full. Nonetheless, Sam never demanded repayment for these loans. That is just how Sam was. In 1951, local writer Edwin E. Llewellyn wrote an article remembering Sam. He stated that Sam never demanded the repayment of his loans. Instead, Sam would tell people, “Someday when you run across somebody who is really in need or is sick, take the money and give him a helping hand.”<sup>83</sup>

Nevertheless, the Mitchell family never forgot how Sam helped them. Because of Sam’s financial assistance through all those years, all four of the children were able to attend college. Specifically, due to Sam’s graciousness, George was able to earn his degree in petroleum engineering. As a way to thank Sam years later, and a way to continue the Maceos’ legacy on the Island, George returned to Galveston to build Sam’s San Luis Hotel. This was the hotel plan that Sam had abandoned years earlier, after a

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<sup>81</sup> Nieman, “Galveston’s Balinese Room,” 8.

<sup>82</sup> Cartwright, “One Last Shot.”

<sup>83</sup> Edwin E. Llewellyn, “A Good Samaritan Has Passed On,” *Galveston Isle: The Magazine of Galveston, Texas* (1951), 5.

protest from the Moody family. Despite these early challenges, over fifty years later, Galvestonians finally got their hotel.<sup>84</sup>

Galveston locals also witnessed the kindness in Sam Maceo's heart in 1947. That spring, Texas City, one of Galveston's neighboring port cities, suffered the most deadly accident in American history. After a series of five explosions, over 500 people were left dead and the city was heavily damaged. Sam's son and namesake reported in 2007, just six months before his own death, that his father hosted several benefits for the victims of Texas City. He brought in famous entertainers and raised large amounts of money to help fund the recovery of the shattered port city.<sup>85</sup> This sort of generosity was not an aberration in Sam Maceo's character. One resident reported the brothers "gave truckloads of cash to charities, especially the Catholic Church. Subsequently, Galveston liked the brothers as much as the brothers liked Galveston."<sup>86</sup>

Rose, on the other hand, was tough. He was both feared and respected. It is also said that he was the true head of the crime family.<sup>87</sup> Because of this stature, Rose served as the muscle of the family and enforced the rules of the game. As previously explained, it was rumored that Rose's first wife and her lover were murdered, and their bodies were found floating in Galveston Bay.<sup>88</sup> For many residents, this local story provided an idea what their fate would be if they crossed Rose. And though many residents suspected Rose may have been the one to blame for a few crimes on the island, he was never convicted for any crime. Nor was his brother Sam convicted.

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<sup>84</sup> William Cherry, "Happy Birthday to George Mitchell," *The Galveston County Daily News*, May 21, 2004, accessed October 10, 2013, <http://access.newspaperarchive.com/galveston-daily-news/2004-05-21>.

<sup>85</sup> Maceo, "Guest Column."

<sup>86</sup> T.E. Bell, "Sin City Revisited," *Houston Chronicle*, November 23, 1986, accessed October 28, 2013, <http://accessnewspaperarchive.com/houston-chronicle/1986-11-23>.

<sup>87</sup> Brown, *Free Rein*, 36-45.

<sup>88</sup> Nieman, "Galveston's Balinese Room," 10.

With his strength, Rose also provided ambition and intelligence to the family. Therefore, he served as the true head of the crime family and additionally, created the Night Riders.<sup>89</sup> Rose's Night Riders served as an informal police force on Galveston Island. It was reported that during the brothers' reign from the 1920s to the 1950s the Island was crime free. No one felt the need to lock their doors during this time period. Nor did the citizens fear walking through the streets at night. It is even reported that the brothers' bookkeeper, Sam Serio, would walk to the bank with up to a million dollars in hand with no protection. As Gary Cartwright drily explained, "They ran a clean fame in a clean town, and anybody who didn't like it slept with the fishes."<sup>90</sup>

When all the social forces in Galveston are examined, it is understandable why there was such a large tolerance for illicit activities. Galveston's historical factors collided with the social circumstances of the early 1900s. The result was a unique atmosphere: a moral gray area, as mentioned. However, Sam's contributions to the community made the Maceo brothers' presence that much more compelling. Plus, given Rose's presence, it is likely that each resident on the island felt safer with the illegal activities than they would have without them.

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<sup>89</sup> Carla Gillogly-Torres, "Strand Theatre Readies for Epic Tale of Island History," *Galveston Daily News*, June 29, 2003, accessed November 13, 2013, <http://access.newspaperarchive.com/galveston-daily-news/2003-06-26>.

<sup>90</sup>Cartwright, "One Last Shot."

## CHAPTER 5

### LEGAL TROUBLE: FEDERAL INVESTIGATION AND SUBSEQUENT SCRUTINY OF THE FAMOUS BALINESE ROOM

Although locals largely accepted the Maceo brothers' vice activities, there was a small group of conservative Protestants and Methodists who felt that Galveston required an intervention from an outside, and detached, agency. However, these individuals were small in number compared to those who not only endorsed the activities, but also indulged in them. Nevertheless, the Maceos' influence relied on the acceptance of locals. Towards the end of the 1930s, the complaints from the religious conservatives reached the governor's office in Austin, Texas.

In the 1935 race, James V. Allred was elected as governor of Texas after receiving 93 percent of the votes.<sup>1</sup> Prior to taking his seat as governor, Allred had served as the state's Attorney General. As such, Galveston's illicit activities had already been brought to his attention. In 1934, Allred received correspondence alluding to the "vice conditions" on the island.<sup>2</sup> Therefore, during his campaign, he recognized the need for control over Texas' persistent underworld. Galveston was merely one of several locations throughout the state that participated in vice activities. It is obvious in a review of Allred's papers that the same fight was being fought in other Texas cities, such as Houston, Dallas, Fort Worth, San Antonio, El Paso, and San Augustine.

As described in previous chapters, Galveston had been an open city for several years. However, the times were changing and there was a small group of oppositionists forming. Though it was a small portion of the island city's population, Galveston's

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<sup>1</sup> Stephen Davis, "James V. Allred and the Texas Governor's Race of 1936," April 28, 1983, James V. Allred Collection, Special Collections, University of Houston Libraries, Houston, TX.

<sup>2</sup> "Mr. Johnson" to James V. Allred, February 8, 1934, Allred Collection .

underworld was beginning to face a local backlash. As stated, this was largely due to a growing number of highly religious and conservative residents. These individuals believed that such activities were shameful. Moreover, many of the local churches disapproved of the sinful lifestyle.

In one letter to Governor Allred, a gentleman wrote about the hundreds of slot machines found throughout the island, stating that they were located in “most places except the churches.”<sup>3</sup> Furthermore, he spoke of liquor in various shops and private rooms found at the back of several establishments, which were regularly visited by young men and women. The man declared “GALVESTON IS A FIRST CLASS HELL ON EARTH!” At the end of the letter, the writer stated that he would not sign his name “for fear of reprisals from the [gangsters]....”<sup>4</sup>

Similarly, Reverend Charles D. Snowden of Grace Church in Alvin, Texas, wrote to Allred to thank him for his efforts to subdue the various illegal establishments located along the highway between Galveston and Alvin.<sup>5</sup> The Treasurer of the First Baptist Church in Galveston also wrote to the governor, stating that he understood he had made a movement against such activities in other major cities, but declaring that Galveston especially required his attention.<sup>6</sup> There was an obvious trend in the incoming correspondence from Galvestonians concerned about the island’s underworld. It is important to note again, almost every letter included in Allred’s correspondence came from active member or leaders in local religious establishments.

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<sup>3</sup> "A Citizen Who Stands For Law Enforcement" to Allred, February 28, 1934, Allred Collection.

<sup>4</sup> Ibid.

<sup>5</sup> Rev. Charles D. Snowden to Allred August 25, 1936, Allred Collection.

<sup>6</sup> R.A. Kemp to Allred, April 4, 1938, Allred Collection.

After receiving various correspondences regarding the illegal activities continuing to occur in Galveston, Governor Allred elected to investigate the claims. Prior to his interest in the matter, raids rarely occurred on the island. When they did occur, the Maceo family was not the target of the raids. Instead, “independent’ slot machine owners” were the target of the raids.<sup>7</sup> According to one estimate, there were about 1,500 slot machines on the island.<sup>8</sup> Therefore raids against the “independent” owners did not yield a significant number of paraphernalia.

Soon after coming into his seat as governor, Allred requested a private investigation be conducted in Galveston. He was particularly interested in Sam Maceo and Ralph Hicks “in regard to reported alleged conspiracy to operate gambling establishments in the State of Texas.”<sup>9</sup> Although the results from the “confidential investigation” were not included within his papers, his actions throughout subsequent years of action indicate that the investigation yielded enough evidence to confirm the claims from the conservative residents of Galveston.

Although the cries for help came from a very small portion of Galveston County citizens, it was enough to gain the attention of outside law enforcement agencies. Likewise, there were a few other circumstances that earned the island some negative attention. Allred set an example to a series of state officials. Furthermore, some negative light was shone on the island through a few magazine and newspaper articles. By late 1930s, Galveston’s crime syndicate was under increasing pressure. Despite the Maceo brothers’ best efforts to disguise their illicit businesses, the true nature of their operation on the island was slowly being revealed.

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<sup>7</sup> "Citizen for Law Enforcement" to Allred, February 28, 1934, Allred Papers.

<sup>8</sup> "Galveston's Merry-Go-Round," *The Texas World*, Allred Papers (undated clipping).

<sup>9</sup> L. G. Phares to Allred, January 6, 1936, Allred Papers.

These series of events likely led to the focus on Sam Maceo and his potential involvement in the drug trade. As the decade was coming to an end, Sam faced his first charges as a criminal from the federal courts. The case was highly publicized with updates coming from newspapers from all over the country. However, his most lucrative business, the Balinese Room, was yet to be established. It would be almost two more decades before state investigations would be able to penetrate the club's elaborate alarm system and bring down the infamous establishment, as well as the rest of the island's rackets.

### Maceo's Fight against Drug Charges

As emphasized, Galveston's rackets were gaining new negative attention in the late 1930s, largely from outside sources. One example of this was an article published in the *American Detective*. The article shed light on the illegal activities on the island, arguing that not only were they not advantageous to the community, but were in fact harmful, especially to the younger generations. Furthermore, the article discussed how the Maceo brothers had become involved in the transportation of drugs and the repercussions on Galveston that resulted in this new racket.<sup>10</sup>

For example, there were a series of murders that were blamed on the growing Galveston underworld. Although the Maceos were not directly tied to any of the deaths, their involvement in the criminal world was suspected to have indirectly caused the violence. One incident was the murder of a young woman named Pauline Johnson.

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<sup>10</sup> Heloise Cabot, "A Lesson in Lust and Marijuana: Weed of Sin!," *American Detective* (1938), 4-13.



Johnson had previously served as an informant in a robbery case.<sup>11</sup> Friends said Johnson suspected she had a target on her back—she was afraid she would be killed for her involvement in the case. Then, one early morning her body was found in a ditch between Houston and Galveston. Her head had been hit repeatedly, resulting in it essentially being crushed.<sup>12</sup>

In addition to Johnson's murder, an individual known only as "Junkie Joe" was found dead alongside Alvin Road. He had been stabbed in the heart and cheek. The *American Detective* article blamed the network of individuals connected to the Maceos for these unfortunate deaths. Particularly, the article accused the drug trade for causing the rise in violence throughout the 1930s. This added to speculation regarding what was actually occurring on the island. Although Sam Maceo always denied involvement in the drug trade, this provided the general public with potentially new information of the Maceo family's activities.<sup>13</sup>

According to the article, after prohibition was revoked, "The Wop Mob" and "The Jew Mob," two groups in New York that dominated the drug trade in the United States, recognized the potential in Galveston's location.<sup>14</sup> Once again, the island provided an ideal geographic position for illegal smuggling and trading, just as it did for Jean Lafitte in the early 19<sup>th</sup> century and to the island's gangs throughout the 1920s. In addition to

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<sup>11</sup> "Death of Houstonian Believed Underworld's Penalty for Informing," *Galveston Daily News*, February 27, 1932, accessed March 4, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1932-02-27>.

<sup>12</sup> Ibid.

<sup>13</sup> "Maceo Removal Decision Due Monday," *Dallas Morning News*, January 22, 1938, accessed October 7, 2013, <http://www.genealogybank.com>.

<sup>14</sup> Cabot, "Lust and Marijuana," 4-13.

recruiting Galveston gangsters, the New York groups included Dallas, Houston, and Fort Worth in their expansion of business.<sup>15</sup>

The men that operated from these four locations made up what was referred to as the “Inside Ring.”<sup>16</sup> According to the article, for four years, surveillance was focused on the Big Four, one of which was Sam Maceo. In the end, Sam’s arrest was highly publicized. One of the many pictures posted in the article painted him as a crook, an image not often portrayed by the local newspapers. The ensuing case lasted six years.

The article shed such negative light that supposedly Sam Maceo tried to eliminate the evidence. The record at Rosenberg Library in Galveston, Texas states that the donor of the magazine article that appeared in *American Detective* informed the library staff that the article was extremely rare. According to the donor, Sam attempted to purchase every copy of the magazine in Galveston and New Orleans. As a result, not many articles survived and not many people read how the Maceos may have become involved with one of the most extensive drug smuggling rings.

The case against Sam Maceo began with his arrest on October 6, 1937. The newspaper in Mexia, Texas, reported that “Maceo was one of 24 persons arrested by federal agents in raids conducted simultaneously in Galveston and Houston. The raids coincided with other raids in New York and several other cities a[s] government agents swooped down on alleged members of an international drug-smuggling ring.”<sup>17</sup> The

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<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> “Large Bond is Set for Maceo and Nine More,” *The Mexia Weekly Herald*, October 8, 1937, accessed September 12, 2013, <http://texashistory.unt.edu/>.

warrant for arrest was issued based on the eyewitness testimony of a federal narcotic agent, Emory W. Clapper.<sup>18</sup>

Clapper testified he saw Maceo and another defendant, Alfonse Attardi, enter a residence in Galveston on September 8, 1938.<sup>19</sup> Maceo and his defense argued that it was a case of mistaken identity and presented the courtroom with a man who resembled him. Upon being asked if he may have falsely identified Maceo, Clapper admitted it was possible “if he had not seen his face.”<sup>20</sup> However, the defense argued that Maceo was not in Galveston the night he was identified as a visitor of the Galveston home; he was in Dallas.<sup>21</sup> Phil Harris, the famed orchestra player, later testified that Maceo was with him in Dallas.<sup>22</sup>

The various defendants involved in the Maceo narcotics case were charged for “conspiracy to violate the tariff act, the import and export act and the Harrison narcotics act.”<sup>23</sup> Because New York was used as a central location in the trafficking of narcotics, the prosecution intended to file for a removal and try the defendants in a New York courtroom.<sup>24</sup> However, removal relied on the admissibility of sufficient evidence—something the defense was arguing the government did not have.

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<sup>18</sup> “Double of Maceo is Introduced at Narcotic Hearing,” *Times-Picayune*, October 20, 1937, accessed October 8, 2013, <http://www.genealogybank.com>.

<sup>19</sup> “Narcotic Agent Heard at Maceo Removal Hearing,” *Dallas Morning News*, January 21, 1938, accessed October 8, 2013, <http://www.genealogybank.com>.

<sup>20</sup> *Ibid.*

<sup>21</sup> “Commissioner Will Decide Maceo Fate,” *Heraldo de Brownsville*, January 23, 1938, accessed October 8, 2013, <http://www.genealogy.com>.

<sup>22</sup> “Phil Harris Testifies for Sam Maceo,” *Dallas Morning News*, October 2, 1942, accessed October 7, 2013, <http://www.genealogy.com>.

<sup>23</sup> “Large Bond is Set for Maceo.” The Harrison Act, also known as the Harrison Narcotics Tax Act, was approved in 1914. This federal legislation was used to regulate and tax the production, importation, and distribution of opiate drugs.

<sup>24</sup> “Maceo’s Hearing On Dope Charges May Be Held Here,” *Dallas Morning News*, December 19, 1937, accessed October 8, 2013, <http://www.genealogybank.com>.

Maceo's attorney, Louis J. Dibrell, and the other defense attorneys argued that the charges relied on a large amount of evidence that was not admissible in court. Clapper, the federal agent who identified Maceo as an involved party, informed the court that there was substantial evidence collected through the use of wire-tapping the defendants' telephone lines.<sup>25</sup> However, prior to the narcotics trial, the United States Supreme Court had ruled that the wire-tapping procedure was invalid.<sup>26</sup> Furthermore, Clapper testified that he had purchased 300 ounces of narcotics from the Big Four distributors in Texas, but he lacked the evidence to tie the drugs to New York.<sup>27</sup>

On January 24, 1938, the conclusion from the removal hearing, which had been pending for over three months, finally came down. United States Commissioner George W. Coltzer placed Maceo, as well as twelve other defendants, in jail until their removal to New York to stand trial.<sup>28</sup> One of the other defendants was Binaggio Angelica. Angelica served as one of Sam Maceo's subordinates, stationed in nearby Houston.<sup>29</sup> Immediately after hearing the results of the hearing, Maceo's defense counsel, as well as that for Angelica, applied for writs of habeas corpus.<sup>30</sup> However, Federal Judge T. W. Davidson upheld the previous decision for removal. The defense responded with a notice to appeal the decision.<sup>31</sup> In July, the district court decision was again upheld.

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<sup>25</sup> "Double of Maceo Introduced."

<sup>26</sup> "Maceo Fights U.S. Charges: Hot Spot Owner Balks at Removal Order," *Heraldo de Brownsville*, January 10, 1938, accessed October 7, 1938, <http://www.genealogybank.com>.

<sup>27</sup> "Agent Heard at Maceo Hearing."

<sup>28</sup> "Maceo Files Suit To Block His Removal East," *Dallas Morning News*, January 25, 1938, accessed October 8, 2013, <http://www.genealogybank.com>.

<sup>29</sup> "Texas Gambling Lords," *St. Petersburg Times*, October 13, 1950, accessed October 3, 2013, <http://www.genealogybank.com>.

<sup>30</sup> "Maceo To Block His Removal."

<sup>31</sup> "Maceo Loses Again, Must Face New York Trial," *Dallas Morning News*, January 30, 1938, accessed October 7, 2013, <http://www.genealogybank.com>.

The Fifth Circuit Court of Appeals in New Orleans placed Maceo in the custody of a federal marshal until his removal to New York.<sup>32</sup>

In the final decision to uphold the decision for Maceo's removal, the court argued that Maceo's testimony consisted of little more than denying his involvement in the drug-smuggling ring and denying his identity as one of the defendants.<sup>33</sup> The court added that, "Aside from the question of identity, which seems to us to be clearly established, the evidence in this case, when boiled down, consists of the indictment on the one hand and the relator's general denial on the other."<sup>34</sup> Overall, aside from the initial indictment, the government had not shown probable cause. However, Maceo also failed to provide any evidence to suggest he was innocent, other than his word. Therefore, the circuit court relied on the previous opinion of Commissioner Coltzer.<sup>35</sup>

It is very likely that the defense team suspected the results for Sam Maceo's case would be better if he was tried in the state of Texas. Maceo was a familiar name in the southern state. Local newspapers throughout the state frequently reported on his charities, his big name entertainment, and his various club openings. Aside from the highly conservative residents, Texans in general favored Maceo. Therefore, removal to the northeast—a place miles from his home, where most people did not recognize the Maceo name—was likely to be unfavorable to the gangster. Perhaps that is why the defense fought so long and hard against removal.

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<sup>32</sup> "Court Upholds Maceo Decision," *Borger Daily Herald*, July 22, 1938, accessed September 12, 2013, <http://texashistory.unt.edu>.

<sup>33</sup> "Maceo Vainly Fights Removal For Drug Trial: Galvestonian's Appeal Fails to Kill Issue of Probable Cause," *Dallas Morning News*, July 23, 1938, accessed October 7, 2013, <http://www.genealogybank.com>.

<sup>34</sup> *Ibid.*

<sup>35</sup> *Ibid.*

After a long fight, Sam Maceo was placed in county jail without bail where he was required to stay until appearing in a New York courtroom.<sup>36</sup> Although the trial was not set until November 1938, he was extradited to New York in late August.<sup>37</sup> Upon his arrival, he again pleaded innocent.<sup>38</sup> He continued to maintain his innocence until the end of the narcotics trials four years later.

Prior to the start of Maceo's trial, a number of individuals had already pled guilty or been convicted. One of those individuals was Angelica, the other man whose defense counsel similarly tried to fight his removal to New York. Angelica was sentenced to ten years in prison and a \$2,000 fine. The same week that his sentence was announced, eight other individuals were also sentenced in the narcotics case. Overall, it was arguably the largest narcotics case in the area.<sup>39</sup> It was estimated that the operations "handled between \$5,000,000 and \$25,000,000 worth of narcotics during a two-year period."<sup>40</sup> Over the next months, the courts learned that the huge ring was actually even larger than they had initially imagined.

In November, Maceo's trial did not begin as originally planned. Little news regarding the case was released through the winter months. Then on January 15, 1939, additional persons were indicted for involvement in the narcotics case. The group was indicted for operating a drug smuggling ring out of New Orleans and "[having] contacts" with the international drug smuggling operations with which Maceo was

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<sup>36</sup> "Bond Denied to 'Dope Suspect,'" *Sweetwater Reporter*, August 26, 1938, accessed September 12, 2013, <http://texashistory.unt.edu>.

<sup>37</sup> "Maceo Ready to Leave for N.Y. Trial," *San Antonio Light*, August 28, 1938, accessed October 11, 2013, <http://access.newspaperarchive.com/san-antonio-light/1938-08-28>.

<sup>38</sup> "Maceo Pleads Innocent to Narcotics Charge," *Borger Daily Herald*, August 30, 1938, accessed September 12, 2013, <http://texashistory.unt.edu>.

<sup>39</sup> "Judges at Houston Sentences 9 People In Narcotics Case," *Corpus Christi Times*, October 21, 1938, accessed March 3, 2014, <http://access.newspaperarchive.com/corpus-christi-times/1938-10-21>.

<sup>40</sup> "Delay Is Seen in Trial of Maceo," *Galveston Daily News*, February 10, 1939, accessed March 03, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1939-02-10>.

suspected of being involved.<sup>41</sup> This event brought the total number of indictments from the original 88 to 103.<sup>42</sup>

By February 1939, Sam Maceo had been released under a \$10,000 bond by the New York court. Then Assistant United States Attorney Joseph Martin announced the courts were unsure when the Maceo trial would begin. According to Martin, the trial would remain pending “until after the United States Circuit Court of Appeals has acted upon appeals of codefendants in the case who were tried last fall.”<sup>43</sup> Of the 88 persons originally indicted, 45 went to trial. Of those that went to trial, 42 were convicted. A San Antonio newspaper noted that “Two were appealing their convictions with arguments bases on the defense claim of technical weaknesses in the indictment.”<sup>44</sup> The decision in these appeals was important in determining if Maceo would be brought to court on the original indictment or if a new indictment would be filed.

By fall 1939, Maceo’s trial was still on hold, pending a final decision on the appeals. One of the two appellants was Jerry Bruno. Bruno had originally been sentenced to two years in prison and a \$5,000 fine. The Federal Circuit Court at New York upheld the original conviction. Upon receiving the decision, Bruno immediately appealed to the Supreme Court.<sup>45</sup> Because of the importance that the Supreme Court’s decision would have on Maceo’s case, it was announced that the latter would remain in

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<sup>41</sup> “15 Indicted at New Orleans in Dope Case,” *Galveston Daily News*, January 21, 1939, accessed March 05, 2014, <http://access.newspaperarchives.com/galveston-daily-news/1939-01-21>.

<sup>42</sup> *Ibid.*

<sup>43</sup> “Delay in Trial of Maceo.”

<sup>44</sup> “Near Decision on Maceo Case,” *San Antonio Light*, May 16, 1939, accessed March 2, 2014, <http://access.newspaperarchive.com/san-antonio-light/1939-05-16>.

<sup>45</sup> “Supreme Court to Act in New York Narcotic Case,” *Galveston Daily News*, October 8, 1939, accessed March 3, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1939-10-08>.

abeyance—a temporary suspension.<sup>46</sup> By September 1940, more than two years after Maceo's original indictment, the case was removed from the federal court calendar. Martin stated at that time that "[The case] might be tried some time later, or it might never come to trial."<sup>47</sup>

### Maceo's Narcotics Conspiracy Trial: Drug Peddler or Fine Citizen?

Towards the end of 1941, there was talk about Sam Maceo's case being placed back on the court's calendar. The next spring, Edith A. Glannon was assigned as the prosecutor in the case.<sup>48</sup> A few months later, an official date was set for the case. After four years, Sam was finally required to stand trial on September 16, 1942.<sup>49</sup> When the trial finally began, newspapers all across Texas and the surrounding states covered the story. After such an extended abeyance, the Maceo case was highly anticipated and widely covered.

On September 22, 1942, Sam finally went to trial for his 1938 indictment for involvement in what was called one of the largest drug rings ever discovered.<sup>50</sup> In addition, Emory W. Clapper, the federal narcotics agent that originally identified Maceo as an involved party, also appeared in court to testify. In the early stages of the narcotics case, Clapper refused to provide details about what Maceo was doing when

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<sup>46</sup> "Trial of Sam Maceo is Held in Abeyance," *Corsicana Daily Sun*, October, 17, 1939, accessed March 3, 2014, <http://access.newspaperarchive.com/Corsicana-daily-sun/1939-10-17>.

<sup>47</sup> "Sam Maceo Indictment Removed from Calendar," *San Antonio Express*, September 05, 1940; accessed March 5, 2014, <http://access.newspaperarchive.com/san-antonio-express/1940-09-05>.

<sup>48</sup> "Woman Named Prosecutor in Sam Maceo Case," *Daily Court Review*, April 29, 1942, accessed March 07, 2014, <http://access.newspaperarchive.com/daily-court-review/1942-04-29>.

<sup>49</sup> "Night Club Operator Faces Federal Trail," *Brownsville Herald*, August 03, 1942, accessed March 06, 2014, <http://access.newspaperarchive.com/Brownsville-herald/1942-08-03>.

<sup>50</sup> "Maceo Called Drug Peddler, Fine Citizen: Prosecution, Defense Give Statements as Texan's Trial Opens," *Dallas Morning News*, September 23, 1942, accessed October 7, 2013, <http://www.genealogybank.com>; "Navy Lieutenant Tells of Finding Dope Ring," *The Milwaukee Journal*, September 28, 1942, accessed October 3, 2013, <http://www.genealogybank.com>.



he was initially identified. He argued that the information was provided before a grand jury in New York and that “he was under oath not to divulge that testimony.”<sup>51</sup> That information was never released in newspapers even after the case resumed in 1942. However, the federal agent was able to testify what he witnessed when he presented himself as an interested customer in Galveston.

Clapper stated he had met a sailor while in Galveston the summer of 1937. Soon after meeting, the sailor accompanied Clapper to a house in Galveston’s red-light district.<sup>52</sup> Clapper then described his encounter with Katherine Phillips. He explained that he told her he was interested in purchasing an ounce of heroin and he assured Phillips that he would be back for more if he were satisfied with the product. Therefore, Phillips sold some heroin to him that initial evening. When Clapper returned later and informed her he would like to purchase a larger quantity, Phillips responded by saying “she represented the biggest drug syndicate in New York.”<sup>53</sup>

Meeting Phillips proved to be vital to the government’s case. Phillips set Clapper up with her New York connections and soon after, Clapper met with “an Italian named ‘Frank,’ who offered to deliver heroin anywhere in whatever quantities wanted.” Shortly after meeting this connection, Clapper had 25 ounces of heroin delivered to Waco, Texas.<sup>54</sup>

Phillips was also called to testify on behalf of the government. She stated that in 1923 she had worked at a house of prostitution and Sam Maceo had visited her frequently. By 1938, Phillips was the operator of her own prostitution house. In her

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<sup>51</sup> “Narcotic Case to Be Resumed Today,” *Galveston Daily News*, October 18, 1937; accessed March 4, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1937-10-18>.

<sup>52</sup> “Navy Lieutenant Tells of Dope Ring.”

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*

testimony, she admitted involvement in the narcotics ring. She informed the courtroom that on two different occasions she had visited Maceo at his Turf Club to exchange money she had made from drug sales. She stated that the money had come from the women working for her in the prostitution house—those who worked for her regularly purchased the drugs.<sup>55</sup>

However, the defense aimed to have the case against Maceo dismissed. In an effort for dismissal, Maceo's attorney undermined each of the stories. Regarding the identification of Maceo in Galveston on the night of September 8, Phil Harris, famed orchestra leader, testified in Maceo's favor.<sup>56</sup> He stated that on the evening of the 8<sup>th</sup>, Maceo was with him in Dallas, as well as for the following two weeks. He stated, "I know that night well. It was the night by band closed an engagement at the Texas Centennial celebration at Dallas. Benny Goodman's band followed mine and Sam Maceo and I waited for Benny to open."<sup>57</sup>

In regards to Phillips' testimony, the defense argued that her claims of knowing Maceo as a "personal friend" were inaccurate. The defense stated that Phillips had previously testified she did not know Maceo. In a 1938 case, the defense claimed Phillips had testified that she operated her own drug business. In the previous case, when asked whether or not she knew Maceo, Phillips had stated, "I never knew him enough to recognize him until we were arrested. I knew him on the street, but not

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<sup>55</sup> "Narcotic Money Said Exchanged at Maceo's Club: Katherine Phillips Says Defendant was 'Personal Friend,'" *Galveston Daily News*, October 6, 1942, accessed March 5, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1942-10-06>.

<sup>56</sup> "Orchestra Head Maceo Witness at Gotham Trial: Phil Harris Aids Alibi; Tells of Party for Weiss in Texas," *Times-Picayune*, October 3, 1942; accessed October 8, 2013; <http://www.genealogybank.com>.

<sup>57</sup> *Ibid.*

otherwise.”<sup>58</sup> Unfortunately for the Maceo, the court upheld Phillips right not to answer the questions for fear of self-incrimination.<sup>59</sup>

Although dismissal of the narcotics charges was not granted, the defense must have made a compelling case of Maceo’s innocence, or at least cast enough doubt on the government’s evidence. It was announced later in the month that the jury could not agree on a verdict.<sup>60</sup> After further deliberation, Maceo was acquitted of all charges. However, the jury found his co-defendant, Joseph Schipano, guilty.<sup>61</sup> Sam maintained before and after the verdict that he never dealt in drugs. From the beginning he had argued, “I’m no angel but dealing in narcotics is ‘just as foreign to me as it is to you.’”<sup>62</sup> It is still unclear today if Maceo was actually involved with the international drug-smuggling ring.

However, as previously pointed out, Angelica, Maceo’s codefendant, was a known associate of the Galveston crime group. As mentioned, Angelica pled guilty in 1938 in a Houston court. For that conviction, Angelica received ten years in jail. Then, in 1940, Angelica received an additional eight years of imprisonment in Galveston and another two years under the New York courts.<sup>63</sup> Each conviction was narcotics related. This begs the question, if Sam Maceo was not involved in the drug trade, why did one of his known associates receive three narcotics-related convictions?

Despite his luck in the narcotics case, this placed Sam Maceo on the radar. If people did not know who he was before, they did after he was acquitted in 1942.

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<sup>58</sup> “Narcotic Money Exchanged.”

<sup>59</sup> Ibid.

<sup>60</sup> “Maceo’s Jury Fails to Agree,” *Dallas Morning News*, October 24, 1942, accessed October 8, 2013, <http://www.genealogybank.com>.

<sup>61</sup> “Politician Freed of Dope Charges,” *The Pittsburgh Press*, October 24, 1942, accessed October 3, 2013, <http://www.genealogybank.com>.

<sup>62</sup> “Large Bond Set for Maceo.”

<sup>63</sup> “Texas Gambling Lords.”

Subsequent to the acquittal, there is evidence of increased surveillance and investigations from outside law enforcement agencies. It seems that there may have been more pressure on officials to finally bring down the rackets in Galveston, or to bring down Maceo. However in 1942, Sam received attention for more than his acquitted case. He had also recently opened the famed Balinese Room, which would serve as the main focus of future investigations.

### The Balinese Room: Charging Down Ranger Run

The Balinese Room was in development for several years before becoming a nationally recognized club. As previously explained, the location went through four name changes and four redecorations before becoming infamous. After first being purchased by the Maceos, the place became the Chop Suey Café. After renovations, the location off the Seawall was briefly known as the Grotto. Then after being damaged by a hurricane in 1932, the location became known as the Sui Jen. Each one of these prior businesses was well known to the locals and tourists. However, it was not until 1942 that the location became the legendary Balinese Room.

Therefore, the new club opened the same year that Sam Maceo was acquitted of all charges in the prolonged narcotics case. Even after all charges were dropped, the government kept an eye on him. They suspected Maceo was involved in illicit activities, but they had failed to prove it in the previous case. With its opening, the Balinese Room fell onto the government's radar. However, aside from its reputation for providing top entertainment, the Balinese Room was also known for having an impenetrable entrance

with law enforcement officials. This meant making a new case against the Maceos surprisingly difficult.

As the Texas Rangers described, the Maceos' used the architecture of the establishment to their advantage. The Balinese Club was built at the end of a pier that stretched many feet out from the coast. Towards the middle of the twentieth century, the Texas Rangers and other state enforcement officials attempted to bust the Maceos and their gamblers. However, their design allowed the club workers to hide any trace of illegal activities prior to the officials' arrival in the gambling hall. Texas Ranger Ed Gooding explained, "[the] entrance was through doors fitted with electric locks at the sea wall. A lady was stationed in a booth at the entrance, and she would be smiling very sweetly. All the while, she was standing on a buzzer, warning the occupants that the Rangers were on their way."<sup>64</sup> This system allowed the workers to quickly hide the gambling paraphernalia and any other evidence of foul play. All that was left in view were games such as "dominoes, pool, bridge, or checkers" and staff and customers "acting as innocent as newborn babies."<sup>65</sup>

The long hall that led to the gambling room became known as "Rangers Run." After being greeted by the smiling female at the door, the Texas Rangers would race down the long pier. As the Rangers progressed down Ranger Run, "the band struck up 'The Eyes of Texas,'" and the band leader announced, "And now, ladies and gentlemen,

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<sup>64</sup> Robert Nieman, "Galveston's Balinese Room: Born: 1942—Died 2008," *Texas Ranger Dispatch*, 27, (2008): 16, accessed June 24, 2013, [http://www.texasranger.org/dispatch/Backissues/Dispatch\\_Issue\\_27.pdf](http://www.texasranger.org/dispatch/Backissues/Dispatch_Issue_27.pdf).

<sup>65</sup> Ed Gooding and Robert Nieman, *Ed Gooding: Soldier, Texas Ranger* (Longview, TX: Ranger Publishing, 2001), 111; Nieman, "Balinese Room," 16.

we give you, in person, the Texas Rangers!”<sup>66</sup> It was precautions and actions such as these that ensured that when raids did occur, they would be unsuccessful.

Decades after the Balinese Room had been shut down, journalist Cheryl Coggins Frink interviewed Adolfo Zamora and Buddy Kirk about their time spent working at the club. Zamora served as a chef in the 1950s and Kirk was employed as the bandleader for several years.<sup>67</sup> Zamora claimed that it took a little more than thirty seconds to clear the gambling equipment. He stated “they had the gambling tables, but when they hear the Rangers, they used to press the button, and it (the table) turns around the other way and it was a setup like they were going to have a party of 8 or 10.”<sup>68</sup>

The Maceo brothers were notorious for evading the investigations of law enforcement agencies. In addition to the elaborate alarm system in place at the Balinese Room, the brothers had similar systems in some of their other gambling establishments. For example, one patron recalled having to ring a doorbell at a club known as Omar Khayyam. The patron explained that the doorbell was located within the belly button of a belly dancer painted on the front door of the establishment. As he explained, once the doorbell was rung, the belly dancer’s eyes would open up so the doorman could ensure the visitor was not a local law enforcement officer or Texas Ranger attempting to enter the club.<sup>69</sup>

In addition to the drills in place, the Balinese Room had another alert system. As mentioned before, various city officials were reportedly corrupt. For example, Walter

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<sup>66</sup> McComb, *History*, 40-56.

<sup>67</sup> Cheryl Coggins Frink, “High-Stakes Entertainment,” *Austin American-Statesman*, March 2, 1986.

<sup>68</sup> *Ibid.*

<sup>69</sup> Kim Hogstrom, “Galveston! The Musical’ Tells Maceo Brothers’ Story,” *Your Houston News*, September 28, 2011, accessed October 4, 2013, [http://www.yourhoustonnews.com/greater\\_houston/entertainment/galveston-themusical-tells-maceo-brothers-story/article\\_61839a93-06d6-5434-8c9e-907e88131cb1.html](http://www.yourhoustonnews.com/greater_houston/entertainment/galveston-themusical-tells-maceo-brothers-story/article_61839a93-06d6-5434-8c9e-907e88131cb1.html).

Johnston was quoted as stating that he was on the payroll of 46 whorehouses in the city of Galveston.<sup>70</sup> Although there are no official records of any city officials being on the payroll of the Maceos, there were unofficial claims of it occurring. For example, crooked judges supposedly interfered with the Rangers' investigations. One judge in particular would issue a search warrant and then immediately turn around and call the individuals targeted by the warrant. He would reportedly make a call and simply say, "Storm raising" and then quickly hang up.<sup>71</sup>

In addition to the help received from the courts, the Maceo brothers had a couple of other advocates working within the local government. William J. Burns worked as a police officer early in his career, patrolling the red-light district. He was later promoted to Galveston's Chief of Police. His brother-in-law was Frank Biaggne, who served as the county sheriff. Ironically, both men served in their positions from 1933-1957—the years in which Galveston popularly operated as an "open city."<sup>72</sup>

While serving as an elected official, Biaggne openly campaigned for an "open city."<sup>73</sup> It is also rumored that he frequented the various gambling locations, not as a county official, but as a customer.<sup>74</sup> This is a strong statement of the overwhelming tolerance seen among Galvestonians. Overall, Biaggne's reluctance to enforce the state's laws against gambling was not opposed by the majority. He was elected into his seat as sheriff for six different four-year terms. It was the same year Biaggne was voted out of his position as sheriff and Burns ceased to serve as the city's Chief of Police that

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<sup>70</sup> Brady Mahoney, "Discovering Our History: Galveston: The Maceo Empire," *Baywatcher* (undated clipping located in the Rosenberg Library's Galveston and Texas History Center).

<sup>71</sup> Nieman, "Galveston's Balinese Room," 12.

<sup>72</sup> Mary W. Remmers, *Going Down the Line: Galveston's Red-Light District Remembered* (Galveston: Privately published, 1997), 24.

<sup>73</sup> *Ibid.*

<sup>74</sup> Nieman, "Galveston's Balinese Room," 11.

the Maceos' empire finally crumbled. When asked later why he had never raided the Balinese Room, Biaggne replied by simply stating that "the Balinese Room was a private club, he was not a member, and they would not let him in!"<sup>75</sup>

Each of the aforementioned provisions helped isolate Galveston's crime syndicate from outside law enforcement agencies' interference. However, as previously stated, there was a small movement against the island city's vice. The conservative community members led the first movement. Then as a result of the narcotics case, the Maceo brothers had been brought to the attention of outside agencies, putting them on the radar through the 1940s and 1950s. Despite the increased attention on the two brothers' activities, it took about twenty years for an indictment to be handed down to the group.

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<sup>75</sup> Ibid.



## CHAPTER 6

### THE END OF AN ERA: THE DEATH OF THE MACEOS AND THE DEMISE OF THEIR EMPIRE

In the years following the narcotics case against Sam Maceo, the world of gambling witnessed a major change. Whereas Galveston had been operating various gambling establishments illegally for years, gambling was made legal in the state of Nevada in 1931. This provided a new legal venue with which various organized crime families would yearn to become involved. Crime syndicates from other large American cities operated similar businesses to those of the Maceo brothers. However, unlike the Maceos, these other groups were not operating in such tolerant locations, which created challenges in running successful venues. The change in Nevada's law eliminated this obstacle for those groups operating outside the wide open city of Galveston.

Prior to this enactment, the state of Nevada served very little to the public. As historian Thomas Reppetto described, "After its silver mines played out early in the century, it became a rest stop for cross-country travelers in the automobile era."<sup>1</sup> Therefore, in order to boost its economy, the state legalized gambling. The following decade there was a movement of crime syndicates investing in the legalized industry. For example, Bugsy Siegel opened the Flamingo in 1946. Meyer Lansky and Moe Dalitz followed Siegel's move soon after.<sup>2</sup>

Overall, the move towards legalized gambling had an effect on cities like Galveston. Galveston relied heavily on the economic support that derived from the Maceos' various gambling establishments. As previously discussed, places like the

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<sup>1</sup> Thomas Reppetto, *American Mafia: A History of Its Rise to Power* (New York: Henry Holt and Company, 2004), 6-7.

<sup>2</sup> Ibid.

infamous Balinese Room attracted many tourists, some of whom were very affluent. Obviously visitors had to have a place to stay and a place to eat while on the island. Therefore, the clubs' visitors boosted the profits at local hotels and restaurants as well.

Unfortunately for Galveston, once gambling became legal elsewhere, people began to weigh the consequences—a cost-benefit analysis. For workers and guests alike there was a risk of being caught in the Maceos' entertainment venues. So, why continue gambling in a city where it is illegal, when there is a city where it *is* legal? This realization naturally led to the movement west. The Maceos also recognized such an obvious idea. Sam acknowledged the same opportunities presented in Nevada that many other individuals. However, in such a quickly changing environment, people were scrambling to get their hands in Las Vegas's earnings.

### Changing Times: A Westward Migration

As previously mentioned, Al Capone showed interest in Galveston's activities in the 1920s. It is likely he was not the only mob boss to see the potential for clubs like those made infamous on the island. Galveston's clubs had been the first of their kind. Unlike anything before, the island's clubs offered big name entertainment, the finest foods, gambling, and alcohol—all under one roof. When crime groups saw the potential of Las Vegas, they opened establishments that mirrored those that had been run by the Maceos for years.

While the rest of the country was experiencing these significant changes, Galveston was going through its own transitional period. After the narcotics case ended in 1942, the Maceos built a greater reputation for themselves than ever before. As

described, the opening of the Balinese Room marked a new epoch for the Maceos. However, the brothers were already under the government's microscope and the new club brought increased publicity. Also because of the legalization of gambling seen in Nevada, the Maceos witnessed a movement west. Sam soon recognized the growing pressure on his operation in Galveston. Perhaps that is why he also tried to become involved in the movement west.

Sam used a previously valuable relationship to enter the Nevada market. Throughout prohibition, Sam and Rose Maceo had developed an important relationship with Moe Dalitz. In the 1920s and 1930s, Dalitz led a Jewish crime syndicate in Cleveland, Ohio. Even during the early 1950s, after Dalitz had moved west, the Senate's Special Committee to Investigate Organized Crime listed Dalitz as one of the prime members of the Cleveland syndicate.<sup>3</sup> More important, throughout Prohibition Dalitz and his crime family smuggled illegal liquors in from Canada, across Lake Erie. Unfortunately, Canadian authorities interrupted the group's bootlegging business.<sup>4</sup> Therefore, Dalitz formed a partnership with the Maceo brothers down in Galveston.

The liquor shipments received on the coast of Galveston were distributed to areas ranging from Detroit to Denver. Cleveland also became one of the locations to which the brothers shipped their imported alcohol. Shipments of liquor from Canada, originally sent across the Great Lakes and into Cleveland, were rerouted to the Gulf coast. Then, by means of the railroads, the liquor was sent north to Cleveland. One

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<sup>3</sup> United States Senate, *Final Report of the Special Senate Committee to Investigate Organized Crime in Interstate Commerce*, Senate Report No. 725, 82nd Congress (1951), accessed June 13, 2013, <http://www.nevadaobserver.com/Reading%20Room%20Documents/Kefauver%20Final%20Report.htm>.

<sup>4</sup> Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America, 1947-2000* (New York: Random House, 2002), 38-49.

shipment confiscated by authorities consisted of over 700 cases of whisky.<sup>5</sup> However, this bootlegging partnership was only the beginning of the Maceos' relationship with Dalitz.

In 1947, years after the end of prohibition, Wilbur Clark provided the money to open a new hotel on the strip, the Desert Inn. Unfortunately, he was \$90,000 short. For the next two years, the skeletal structure of the new hotel sat untouched.<sup>6</sup> However, in 1949, Cleveland's mob boss made a deal with Clark. Exactly what that deal was is not clear—different sources report different numbers. For example, Gus Russo reported that Dalitz supplied Clark with the \$90,000 that was necessary for the hotel's construction, plus an additional \$3.4 million to obtain a 74 percent ownership.<sup>7</sup> Yet Hal Rothman, another historian, claimed that Dalitz put up a total of \$1.3 million and took a 75 percent ownership.<sup>8</sup> Finally, a United States Senate committee reported that Dalitz gave \$1 million. This particular report claims the money was used to pay the necessary \$90,000 for construction, as well as to purchase a 59 percent ownership.<sup>9</sup>

Although it is not clear how much money Dalitz put into the Desert Inn, it is obvious that he was involved in the establishment of the hotel. Clark would provide a front for the Desert Inn, while Dalitz would run the casinos. Soon after completing the construction, the establishment ran into a new problem. Due to a report released by the Chicago Crime Commission, Nevada authorities were reluctant to provide Dalitz with the required license to run the casino. Under Nevada law, anybody involved in

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<sup>5</sup> Michael Newton, *Mr. Mob: The Life and Crimes of Moe Dalitz* (West Jefferson, NC : McFarland & Company, 2007), 40-41.

<sup>6</sup> Gus Russo, *Supermob: How Sidney Korshak and His Criminal Associates Became America's Hidden Power Brokers* (New York: Bloomsbury USA, 2006), 205-206.

<sup>7</sup> Ibid.

<sup>8</sup> Hal Rothman, *Neon Metropolis: How Law Vegas Started the Twenty-first Century* (New York: Routledge, 2003), 13.

<sup>9</sup>U.S. Senate, *Final Report of the Special Committee*.

gambling operations was required to be licensed by the state to obtain a license through the Nevada State Tax Commission. However, due to the Chicago Crime Commission's reports that Dalitz was directly involved in the Cleveland crime syndicate, as stated, the Nevada State Tax Commission was unwilling to release the necessary licensure.<sup>10</sup>

As a result, Dalitz contacted his old friend, Sam Maceo. Dalitz was aware of Maceo's public relations. Particularly, he knew that Sam had built a good relationship with one of Nevada's state senators, Patrick McCarran. Apparently, at Dalitz's request, Sam met with Senator McCarran at the senator's favorite sport, the Riverside Hotel in Reno.<sup>11</sup> It is unclear what occurred between the two gentlemen at the Riverside Hotel. Some speculate that Maceo simply paid McCarran. Nevertheless, obtaining the necessary licensure from the Nevada State Tax Commission was no longer an obstacle. The Commission promptly issued Dalitz what he needed in order to run the Desert Inn casino.<sup>12</sup>

When the Desert Inn opened in 1949, the Maceos were among a list of guests that were allotted a certain amount of money in chips for gambling purposes. They were also the most pampered guests at the party.<sup>13</sup> After initially getting involved with the Desert Inn, Sam Maceo was interested in further establishing his mark in Vegas. As mentioned, the legalization of gambling had prompted a migration west. Therefore, the Maceos recognized the need to change with the times. Unfortunately, before the brothers could transition to Las Vegas, the Maceo crime syndicate experienced their greatest hurdle yet.

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<sup>10</sup> Russo, *Supermob*, 205-206.

<sup>11</sup> Denton & Morris, *Money and Power*, 38-49.

<sup>12</sup> *Ibid.*, Russo, *Supermob*, 205-206.

<sup>13</sup> Rothman, *Neon Metropolis*, 13-15.

On April 16, 1951, Sam Maceo passed away at John Hopkins Hospital in Baltimore, Maryland.<sup>14</sup> He had been suffering from cancer of the digestive tract. On March 28, he had undergone an operation, but unfortunately for him, he never made it out of the hospital. Funeral services were held the following Thursday, after the family was able to transport the body back to Galveston.<sup>15</sup> Just months after Sam's death, it was reported that Rose Maceo was suffering from his own health problems.<sup>16</sup> Just a few years after Sam, on March 15, 1954, Rose passed away from heart failure in his Galveston home.<sup>17</sup>

#### State Investigations: Closing the Doors of an Iconic Establishment

It was 1951 before the next serious indictments were handed down from the courts. Throughout the decade after Sam Maceo's extended narcotics conspiracy case, there were no serious investigations against the brothers' activities. Therefore, activities on the island continued essentially uninterrupted until after Attorney General Price Daniel was elected in 1947. It appears that Daniel's motivation was not necessarily for the good of the community, but was in fact a political strategy.

In general, the investigations that ensued after the narcotics trial resulted from a political movement against organized crime. Perhaps other candidates recognized that Governor Allred had gained political support in the 1930s when he responded to local correspondence regarding the state's problem with organized crime. When Allred was

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<sup>14</sup> "Sam Maceo Dies After Operation," *The Free Lance-Star*, April 17, 1951, accessed October 3, 2013, <http://www.genealogybank.com>.

<sup>15</sup> "Sam Maceo's Body Brought to Texas," *Dallas Morning News*, April 18, 1951, accessed October 8, 2013, <http://www.genealogybank.com>.

<sup>16</sup> "Maceo Taking 2-Month Trip," *Dallas Morning News*, August 1, 1951, accessed October 7, 2013, <http://www.genealogybank.com>.

<sup>17</sup> "Island Gaming Kingpin Rose Maceo Dies," *Corpus Christi Times*, March 15, 1954, accessed October 17, 2013, <http://access.newspaperarchive.com/corpus-christi-times/1954-03-15>.

in office, only a small majority seemed to oppose the Galveston rackets. However, since then Texas had seen a widespread change in attitude. Most cities' rackets had already been shut down. As a result, politicians recognized the potential political momentum that could be gained by cleaning up the remaining cities notorious for organized crime and rackets.

Although a state official finally showed dedication to bringing down the crime family, the group was already beginning to see cracks. The deaths of the brothers left their operation without proper leadership. Furthermore, Sam and Rosario had gained widespread support, not just for their activities, but also for how they operated their businesses on the island. Aside from his position at the top of Galveston's crime syndicate, Sam was known for his activism in the community. He supported such agencies as the Community Chest, Red Cross, and American Cancer Fund.<sup>18</sup> Furthermore, because of Rose's Night Riders, "nobody locked their doors at night and no one was afraid to walk the streets at night."<sup>19</sup>

By the time Daniel and his successors targeted Galveston, Sam Maceo was already sick. Before the courts handed down any indictments, Sam had passed away. Although Sam faced charges in the narcotics case, he made it through his life without any convictions, despite his various rackets. Rosario, on the other hand, was still alive when Galveston was investigated. He was even named in a list of indictments in 1951. However, he too made it through his life without any convictions. Although on the radar of many state officials and agencies, the brothers appeared to have been untouchable.

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<sup>18</sup> "Sam Maceo, Galveston Figure, Dies," *Dallas Morning News*, April 17, 1951, accessed October 7, 1951, <http://www.genealogybank.com>.

<sup>19</sup> Brady Mahoney, "Discovering Our History: Galveston: The Maceo Empire," *Baywatcher* (undated clipping located in the Rosenberg Library's Galveston and Texas History Center).

As mentioned, the investigations that occurred in the 1950s were the result of a political strategy. When Attorney General Daniel was elected into office, he had the intention of moving into the governor's seat. He used his position as the attorney general as a stepping-stone for his governorship. Like others after him, Daniel needed a way to attract some publicity for himself as a candidate for governor. Therefore, he became involved in the cleanup of organized crime. As Robert Nieman has written, Daniel "became chair of the so-called 'little Kefauver hearings.'"<sup>20</sup> Galveston was considered the only city in the state of Texas to still be running bookmaking and gambling establishments openly, and so it attracted his attention.<sup>21</sup>

In 1951, Daniel worked towards shutting down the Maceos' establishments, once and for all. It looked like he would be successful. In June, the papers announced that the attorney general had shut down horse race betting on the island.<sup>22</sup> Daniel obtained an injunction "forbidding the Southwestern Bell Telephone Co. to permit use of its lines for transmission of race information to the Turf Athletic Club... and four other county spots."<sup>23</sup> Aside from the Turf Club, the establishments targeted in the suit included in the suit included Murdoch's Pier, Home Plate Cigar Stand, the Chili Bowl in Kemah, and the Streamline Dinner Club near Algoa.<sup>24</sup>

The suit provided details of the telephone lines and how exactly the Maceos successful relayed information across vast distances. Overall, the long distance calls

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<sup>20</sup> Nieman, "Galveston's Balinese Room," 11.

<sup>21</sup> "Court Chops Bookies' Phone Lines: Daniel Suit Charges Bell, SW Associated Aided Maceo Mob," *The Baytown Sun*, June 7, 1951, accessed March 21, 2014, <http://access.newspaperarchive.com/baytown-sun/1951-06-07>.

<sup>22</sup> "State Knocks Out Race Service: Officials Plan 'Cooperation,'" *Galveston Daily News*, June 8, 1951, accessed March 20, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1951-06-08>.

<sup>23</sup> Ibid.

<sup>24</sup> "Court Chops Phone Lines."



were costing the Maceos at least \$1,000 each month.<sup>25</sup> It was also suggested that the telephone lines were being used to relay gambling information to bookies throughout the county. The five establishments previously mentioned were Galveston County locations used for transmitting gambling information.

In addition to detailing the uses of the telephone lines, Daniel's suit named several members of the Maceo crime syndicate. The suit named Maceo & Co., Rosario Maceo, Frank Maceo, Vic C. Maceo, Victor A. Maceo, Vincent A. Maceo, Joe T. Maceo, Sam T. Maceo, Anthony J. Fertitta, Victor J. Fertitta, Frank J. Fertitta, Sam Serio, A. J. Adams, O. E. Voight, Loranzy Grillette, John B. Arena, Robert L. Fabj, and Joe Salvato. It was estimated that the previous year's annual gross income from the bookkeeping services had totaled \$349,267.94.<sup>26</sup>

Overall, twenty-three indictments were handed down for Maceo family members and key players in their syndicate. However, each one slowly fell through the cracks in the Texas legal system. According to Nieman, after a year and five continuances, ten indictments were dismissed. Judge Charles Dibrell threw out the remaining thirteen indictments.<sup>27</sup> Nieman also pointed out that Judge Dibrell was the father of Louis J. Dibrell, the attorney who had represented Maceo throughout the New York narcotics case.<sup>28</sup> Perhaps these two men were also on the Maceos' payroll, or supporters of maintaining an open city.

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<sup>25</sup> Ibid.

<sup>26</sup> "State Knocks Out Race Service."

<sup>27</sup> Nieman, Galveston's Balinese Room," 11.

<sup>28</sup> Ibid.

## The End of an Era: Closing Down Galveston

Whether Charles Dibrell and Louis Dibrell were on the Maceos' payroll or not, they could not save the syndicate from the criminal charges filed in 1957. Again, in a political move for the governor's seat, Galveston's illicit activities were under scrutiny. This time, it was Attorney General Will Wilson looking to finally bring an end to the island's gambling. Wilson had new circumstances working in his favor. Both Sam and Rose Maceo had passed away by the time that he began his extensive investigations. Since the two brothers' deaths, the crime group had already begun to experience a change—a decline in support from locals.

This decline was attributed to various factors. As mentioned, a migration west had begun at the end of the 1940s. By 1957, there was an even stronger push towards utilizing the new Las Vegas venue. More organized crime groups had sent people to the Strip to collect at the gambling casinos. Senator Estes Kefauver led the famous Kefauver Committee as a political strategy to advance to the president's office. The committee investigated organized crime groups across the country. Upon arriving in Las Vegas, initial investigations suggest the mob had fully infiltrated the city, despite the state of Nevada's attempt at regulation.

In addition to the movement west, Galvestonians were not as willing to support the illicit activities occurring on their island without Sam and Rose Maceo at the head of the group. Sam had built up a reputation since the 1920s. As emphasized, he had an amiable character. The residents felt Sam was devoted to the wellbeing of Galveston and had each of their best interest in mind. Although Rose served a more intimidating role, he too was well liked. Because of Rose and his Night Riders, the island city's

residents had felt safe for years. Without the brothers at the head of the group, the syndicate was beginning to crumble.

Before the Maceo brothers died, local historian Jean M. Brown claims the two were “grooming” their nephews, Anthony and Victor Fertitta, to continue operating their standing establishments.<sup>29</sup> However, Anthony and Victor seemed to lack a suave character like that of Sam. The Fertittas were not nearly as popular on the island. Nieman attributes their failed attempt to the migration west.<sup>30</sup> However, Brown attributes it to the changing environment in Galveston at the end of World War II. The returning veterans had new ideas about the future of their island.<sup>31</sup>

Perhaps their failed attempt at keeping the open city alive was due to multiple factors—maybe Nieman *and* Brown were correct. It is also very likely that the brothers did not have complementary personalities like those of Sam and Rose. Sam was the gracious, amiable frontman, while Rose kept everyone in line. Although he played a vital role, he remained in the shadows of the operations. Unlike the Maceos, it was not long before the Fertittas had negative attention in the newspapers.

After the passing of Sam and Rose Maceo, Anthony and Victor were “the owners of several plush gambling clubs in Galveston and [controlled] several others.”<sup>32</sup> Despite the passing of the senior Maceos, Galveston still retained a reputation for being a “wide-open city.” According to one magazine company, the illicit activities on the island had outlived those in other Texas cities; it was called “the last sin city.”<sup>33</sup> Therefore, *Time*

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<sup>29</sup> Brown, *Free Rein*, 115-120.

<sup>30</sup> Nieman, “Galveston’s Balinese Room,” 11.

<sup>31</sup> Brown, *Free Rein*, 115-120.

<sup>32</sup> “Wide-Open Galveston Mocks Texas Law,” *Life*, August 15, 1955, accessed February 22, 2014, <http://books.google.com/books/about/LIFE.html?id=51YEAAAAMBAJ>.

<sup>33</sup> Terry Macleod, “Fertitta Fined \$25 On Assault Charge,” *Galveston Daily News*, August 09, 1955, accessed March 1, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1955-08-09>.

magazine sent a couple of photographers to Galveston to capture the current state of affairs. The two men assigned to the project were Henry Suydam and Joe Scherschel.

While on assignment, the two men were seen photographing the Turf Grill. When Anthony Fertitta was notified, he, along with a few associates, chased the photographers back to the Galvez Hotel, where Fertitta hit Suydam in the face.<sup>34</sup> The incident earned the Fertittas significant attention, mainly from non-Galvestonians. *Time* magazine ran the article, as intended. Two pages of photos were published, revealing prostitution houses still in operation, as well as gambling locations. The article even provided a picture of Suydam's face after being hit by Fertitta at the Galvez Hotel.<sup>35</sup>

Although the article offered more pictures than words, the magazine brought national attention to the activities that were still occurring on the island. It is arguable what instigated the subsequent investigations from the state. Popular opinion remains that Wilson acted in his own best interest when he began his case against Galveston. However, others believe that the shaken photographer and the published article provoked Wilson. With national attention of the island's activities, he was left with no choice but to act to prevent further negative publicity.

Also, without Sam and Rose Maceo, the clubs started skimming for extra profit. Also, they failed to keep city officials on payroll, as Sam and Rose had over the years. As Nieman states:

In the past, the police judge, and others in power never had to shake down the club owners for protection because Sam and Rose had made sure that those in control were always taken care of. Not now. Sheriff Biaggne went around to the clubs and demanded money if the owners wanted to stay in business. Desperately trying to stem the tide running against them, the owners went to their business friends who had been profiting for decades because of them, and asked

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<sup>34</sup> Ibid.

<sup>35</sup> "Wide-Open Galveston."

for their help. The businessmen dutifully went to Attorney General Will Wilson and asked him to rein in Sheriff Biaggne.<sup>36</sup>

Instead of reining in Sheriff Biaggne as requested of him, Wilson took the chance to shut down Galveston's rackets and secure some votes for his race for governor.

After several failed attempts at shutting down the gambling establishments in Galveston, the attorney general and Texas Rangers had to get creative. They had learned that no matter how secretive they were, raids would fail in Galveston. This was due to the popularity of the illicit activities, as well as due to the various city officials and judges, who were on the syndicates' payroll, now run by the Fertittas. Therefore, the Rangers began to sit in various club locations night after night.<sup>37</sup>

Under the guidance of Captain John J. Klevenhagen, the Texas Rangers entered the clubs each night upon opening, bearing guns and the infamous Rangers' hat. As a result of their continued presence, the Maceos removed all the gambling paraphernalia. Also because of the Rangers' presence, the clubs' business declined. The regular customers were made nervous by the observing Rangers.<sup>38</sup>

After pursuing the illegal activities for an extended time, the Texas Rangers finally discovered a small portion of the island's gambling paraphernalia. On June 19, 1957, the Rangers "confiscated more than 50 gambling machines and more than 200 cases of Up books."<sup>39</sup> According to Ranger Ed Gooding, the collection of paraphernalia totaled about \$800,000, but the Rangers knew they still had not found the main stash of equipment.<sup>40</sup>

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<sup>36</sup> Nieman, "Galveston's Balinese Room," 12.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> George Belk, "More Gaming Units Seized In Crackdown," *Galveston Daily News*, June 19, 1957, accessed March 15, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1957-06-19>.

<sup>40</sup> Gooding and Nieman, *Ed Gooding: Texas Ranger*, 113-115.

Gooding explained that he was working with another Ranger, Pete Rogers, when two of the state's investigating agents approached them hastily and declared they had found what was referred to as the mother lode. The majority of the Maceo syndicate's collection of gambling equipment had been stashed away in the old Hollywood Dinner Club, which had been shut down for years. The most recently discovered equipment had a total value of \$1.2 million.<sup>41</sup> It included "1,500 slot machines, roulette wheels, blackjack tables, dice tables, and box after box of chips and dice."<sup>42</sup>

The discovery of the mother lode caused a huge financial loss for the Balinese Room. However, the Fertittas, who had taken over after Sam and Rose passed, tried to hang on to business. Almost a year later to the day, the Balinese Room managed to sell all of its tickets for the entertainment of Chico and his "Laughing" Cuban orchestra.<sup>43</sup> The "new" club featured legitimate billiards when the doors reopened, including pool and bridge tables.<sup>44</sup> Despite their efforts, under close watch from the Texas Rangers, the club never prospered like it had prior to the raids. Ultimately the collection of \$2 million dollars' worth of gambling equipment led to the final closing of the Balinese Room doors.

After the success of the Texas Rangers, the new Maceo syndicate leaders and their associates faced a long list of indictments. According to the *Galveston Daily News*, a grand jury returned a record number of indictments, the majority of which were

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<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> "Balinese Room to Have Third 'Sold Out' House," *Galveston Daily News*, June 14, 1958, accessed March 15, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1958-06-14>.

<sup>44</sup> Ibid.

for gaming violations.<sup>45</sup> Both, Anthony and Victor Fertitta faced five counts for their involvement in illegal gaming. The indictments handed down to dozens of defendants covered “keeping a gambling house, keeping and exhibiting a slot machine, possession of a slot machine, and permitting premises to be used for gambling.”<sup>46</sup> After multiple continuances and various delays, Anthony Fertitta was found guilty on only one count and was given a two-year suspended sentence.<sup>47</sup> The local newspapers never reported the outcome of Victor Fertitta’s indictments. However, considering the outcome of his brother’s case, it is likely he was not found guilty on any major charges.

### Continuing the Brothers’ Legacy

As previously described, when Sam and Rose Maceo passed away in the early 1950s, their nephews, the Fertittas, took over the family business. Before dying, the brothers had begun preparing Anthony and Vic Fertitta to take over the various establishments.<sup>48</sup> Unfortunately, as illustrated, the Fertittas were not met with such acceptance and success as their cousins. It was not long before Attorney General Wilson and the Texas Rangers stormed the island and closed down the gambling establishments.

After Wilson’s team smashed up the confiscated gambling paraphernalia, over a hundred indictments were handed down to numerous club owners and their business

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<sup>45</sup> Barry Hart, “More Indictments Returned: 16 for Gambling Violations,” *Galveston Daily News*, September 27, 1957, accessed March 15, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1957-09-27>.

<sup>46</sup> Ibid.

<sup>47</sup> Stanley Babb, “Suspended Sentence in Gaming Trial: A. Fertitta Guilty on One Count,” *Galveston Daily News*, April 17, 1959, accessed March 15, 2014, <http://access.newspaperarchive.com/galveston-daily-news/1959-04-17>.

<sup>48</sup> Jean M. Brown, *Free Rein: Galveston Island’s Alcohol, Gambling, and Prostitution Era, 1839-1957* (Beaumont: Lamar University, 1998), 119.

associates. As already noted, Victor and Anthony Fertitta were among those handed indictments. However, the third Fertitta, Frank, was not indicted for any crimes in Galveston. Frank Fertitta was the son of Frank J. Fertitta and Olivia Maceo.<sup>49</sup> He too was one of Sam and Rose's nephews. After Galveston's underworld was shut down, he continued the Maceos' legacy in Las Vegas, as Sam and Rose had intended to do.

When Frank arrived in Las Vegas with his wife and first child, he started as a dealer. He first worked as a 21 dealer at the Stardust. Throughout his early years, he progressed from a card dealer to a floorman at the Tropicana, to a shift manager and a "baccarat manager" at Circus Circus, and finally a general manager at the Fremont.<sup>50</sup> According to historian Alan R. Balboni, during this time Frank began to consider owning his own gambling establishment. Therefore, he partnered with an associate, Carl Thomas, and went to see the Valley Bank executives. Valley Bank reportedly worked with the Teamsters Union, who worked with various mob members to continue adding to the burgeoning strip. With a loan from Valley Bank, the partners opened up Bingo Palace not far from the main strip in 1977.<sup>51</sup>

Then, in 1983, Fertitta's partner, Thomas, was indicted along with several other mobsters in a federal case against Frank Rosenthal and his associates. Thomas had been recorded on a federal wiretap explaining the process of skimming the casinos in Las Vegas. Thomas explained how the Vegas mobsters had taken \$2 million from

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<sup>49</sup> Steve McGonigle, "How \$100M Turns into \$516K," *Dallas Morning News*, May 13, 2012, accessed June 6, 2013, <http://www.dallasnews.com/archives>.

<sup>50</sup> Alan Richard Balboni, *Beyond the Mafia: Italian Americans and the Development of Las Vegas* (Reno: University of Nevada Press, 1996), 32-33.

<sup>51</sup> *Ibid.*, 33.



casinos.<sup>52</sup> As soon as Thomas's legal troubles began, Fertitta bought all of his partner's shares to Bingo Palace, as well as a third partner's shares.<sup>53</sup>

Despite his efforts to separate himself from the legal troubles, investigators remained interested in Fertitta. Their reasoning was that he had been employed at three hotels found to be participating in the skimming, therefore he must have been involved. Then, during what was referred to as the "Stardust Skimming Trial," a witness stated that a man named Frank had in fact been involved in the skimming at his casino. The investigations against Frank Fertitta went on for four years. In the end, charges were dropped against the Maceos' cousin due to a lack of evidence.<sup>54</sup>

Despite the ongoing allegations against him, Frank Fertitta used his network of Las Vegas connections to continue the expansion of his own empire. It is likely that Frank considered the lessons he had learned from the late Sam and Rose Maceo while working in Galveston. He began mirroring Sam's earlier efforts to gain public support. According to Balboni, Frank donated \$300,000 to the University of Nevada-Las Vegas Foundation. The next year, he contributed another \$1 million to the university's tennis complex. Around the same time, he also donated \$70,000 to Leslie Randolph, who had accumulated a significant amount of debt in medical bills due to her daughter's need for a heart transplant.<sup>55</sup>

Since overcoming the accusations against him in the 1980s, Frank Fertitta has further expanded his businesses. Bingo Place, the establishment that Fertitta and

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<sup>52</sup> "Jurors Hear Secret FBI tapes of Game-Skimming Methods," *Madison Wisconsin State Journal*, December 5, 1985, accessed March 2, 2014, <http://access.newspaperarchive.com/madison-wisconsin-state-journal/1985-12-5>.

<sup>53</sup> Balboni, *Beyond the Mafia*, 32-33.

<sup>54</sup> *Ibid.*

<sup>55</sup> *Ibid.*

Thomas had opened, became known as Palace Station. By 1993, Fertitta managed to go public with Station Casinos, a company that had developed from his early Palace Station.<sup>56</sup> Frank Fertitta's sons, Frank Jr. and Lorenzo, quickly built an empire out of the family business as young adults. They have continued the family legacy, which began in Galveston, with Station Casinos. In addition, to continuing to operate Station Casinos, in 2001, the brothers invested in the Ultimate Fighting Championship.<sup>57</sup>

Although the Maceos' establishments did not survive the 1950s, their influence lasted through the end of the century. Frank Fertitta, their nephew, carried on their legacy many states away, in Las Vegas. Fertitta learned many valuable lessons from the Maceos. Perhaps he learned more than his two brothers, who had been brought down with the rest of the island's rackets. Despite the legal troubles he faced in Nevada, Frank Fertitta proved that he understood how to run a lucrative business—a lucrative business that his sons could also carry on with great success. Even today, Sam and Rose's descendants are doing the same thing they were doing over half a century ago in Galveston, Texas.

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<sup>56</sup> Oskar Garcia, "Frank Fertitta Jr., Founder of Station Casinos; at 70," *Boston Globe*, August 24, 2009, accessed June 10, 2013, [http://www.boston.com/search/archives\\_subscriber\\_note/](http://www.boston.com/search/archives_subscriber_note/).

<sup>57</sup> "Whitey' Bulger Arrest Recalls UFC Owner's Roots," *USA Today*, June 23, 2011, accessed June 2, 2013, <http://usatoday30.usatoday.com/sports/mma/post/2011/06/whitey-bulger-capture-recalls-zuffa-roots>.

## CHAPTER 7

### CONCLUSION

Galveston was not the only American city with gambling, prostitution, and alcohol. Nor was it the only city in Texas that offered illegal forms of entertainment. However, Galveston earned much more attention at the peak of the century. The famous Kefauver Committee hardly recognized other locations in Texas. Beyond the group's investigations in places like Missouri and Ohio, the Congressmen were interested in Sam Maceo and his associate Binaggio Angelica, located in Houston.<sup>1</sup>

Galveston maintained its reputation as an “open city” for the first half of the 20th century. This remains the most significant fact about the vice activities in Galveston—about the legacy of the Maceos. As one article in the *Galveston Daily News* stated, “These activities had been prevalent all over Texas from the earliest days. Galveston just did not go along with the new morality when the rest of the state did. Activities that were commonplace everywhere at one time continued to be commonplace here after they had ceased or gone underground in the rest of Texas.”<sup>2</sup>

Without the efforts from state agencies, like the attorney general's team and the Texas Rangers, Galveston would probably have retained its illegal entertainment venues. Although the Maceos had experienced some small opposition, they were still widely popular. Left to the local law enforcement agencies, the Maceos and their descendant would not have been faced with legal ramifications. Ultimately, such ramifications finally slowed the island's activities.

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<sup>1</sup> Drew Pearson, Personal and Political Risk for Kefauver in His Probe, *St. Petersburg Times*, October 13, 1950, accessed January 2, 2014, <http://news.google.com/newspapers>.

<sup>2</sup> “Miller's Isle: Houston Newsman-Author Takes a Look at Galveston—Past, Present, and Future,” *Galveston Daily News*, November 6, 1983, accessed October 6, 2013, <http://access.newspaperarchive.com/galveston-daily-news/1983-1-06>.

As pointed out, there were various historical factors that created the suitable environment for the Maceos' organized crime family. Long before the brothers arrived on the island, illicit activities occurred. The various transient populations provided a tolerant environment for vices such as gambling, prostitution, and the consumption of alcohol. In addition, the residents of Galveston endured several catastrophic events in their early history. After surviving these horrible events, the island failed to experience further growth. Instead, Galveston faced a noticeable economic decline. The various vice activities of Galveston remedied the island's recession.

In addition to the environmental factors on the island that cultivated criminal behavior, the brothers bore certain characteristics and knowledge that aided in their overall success. Because of their history in Sicily, Sam and Rose already understood how organized crime groups operated. More importantly, they realized what behaviors and actions would win the public's support. Then, upon arriving in America, Sam gained firsthand experience about mob activities in southern Louisiana.

Overall, these environmental factors and cultural experiences acted as catalysts for the Maceos' involvement and success in Galveston. Within a relatively short period of time, Sam and Rose Maceo became deeply involved in the existing vice activities. Moreover, they soon took over the island's activities. The brothers exploited the island city's geographic location, like those before them. Plus, they won the hearts of the community members through charitable notions and by providing entertainment and security.

It appears the Maceos did more than simply place their city officials on the syndicate's payroll. The support of the two brothers extended well beyond financial

compensation, although there are various suggestions that compensation did of course occur. In addition, the brothers maintained widespread support in the community by putting the community's best interest first. That was the opinion of many residents—that the Maceos, especially Sam, truly loved Galveston. Despite his less admirable criminal behavior, Sam continued to provide aid and funding to the island and its residents until his death in 1951.

Also important to consider is that aside from the extensive coverage the Maceos received for a few court cases, their activities seemed to have gone largely unnoticed by outsiders. Locals, of course, understood what was occurring in their backyards. Even non-Galvestonians knew that the island had a reputation for its illicit activities, yet there was little coverage in newspapers. The majority of public coverage occurred when Sam Maceo faced narcotics charges in the late 1930s and early 1940s. Then in 1951, various news sources reported when the courts handed down a large number of indictments. However, when the indictments were thrown out, the public seemed to lose interest in the fate of the Maceos.

Those that did disapprove of the Maceos' establishments, and the activities that were hidden behind elaborate alarm systems, made up an insignificant minority. This small group voiced their concerns to state officials, hoping outside interference would shut down the "open city." Yet, the island's vices were insulated from those outside forces through various payoffs and local support. The island's residents provided a better alarm system than the systems installed at the doors of the clubs. The club owners and their customers felt little threat, knowing they would receive a phone call or hear idle talk from Galvestonians.

Considering the significant amount of literature covering Galveston's turbulent history, there is very little information written on the Maceo brothers. The two men had a significant influence in Galveston during the first half of the 20<sup>th</sup> century. Even after their deaths, their legacy was kept alive. As illustrated, the brothers' extended family carried on the family business. First, nephews, Anthony and Victor Fertitta, attempted to continue the Maceo legacy in Galveston. Unfortunately, the men were not very successful. However, the Maceos' brother-in-law, Frank, stumbled upon considerable success in Las Vegas.

Why would he not find such success? Frank essentially went to Las Vegas to continue what he was already good at. The lack of convictions against the family is a testament to how well they did their jobs, admirable or not. Las Vegas simply provided a larger playground. As mentioned, other crime families had shown interest in the Maceos' activities. When Las Vegas opened its doors to illicit activities, such families took advantage of the new opportunity, and the Maceo family followed suit. It is plausible that the Maceos inspired the lucrative businesses found on the Vegas strip today—entertainment, gambling, alcohol, and food, all under a single roof. Naturally, this was the best place for Frank to relocate.

Sadly, most of the tourists ebbing in and out of the Station Casinos are not aware of the rich history that provided Fertitta with a foundation of knowledge and experience. They do not realize that what is now a Las Vegas legacy began several state lines away. Even more unfortunate, the tourists of Galveston have little to no knowledge of the considerable island history. Since the destruction of the Balinese Room in 2008, when the island was hit by a terrible hurricane, there is little physical evidence of Sam

and Rose's activities—of their dozens of establishments and widespread gambling. The legacy of the Maceo empire continues to fade with the memory of those who lived in Galveston's most exciting years.

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