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California Dreams and Gangster Schemes: The Standley Commission, the Guarantee Finance Company, and the Social System of Organized Crime in post-World War II Southern California

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Come to Los Angeles! The sun shines bright, the beaches are wide and inviting, and the orange groves stretch as far as the eye can see. There are jobs aplenty, and land is cheap. Every working man can have his own house, and inside every house, a happy, all American family. You can have all this, and who knows...you could even be discovered, become a movie star...or at least see one. Life is good in Los Angeles...it's paradise on Earth. Ha ha ha ha. That's what they tell you, anyway.

"Sid Hudgens," *L.A. Confidential* (1997)

Go back to Jersey, Sonny. This is the City of the Angels and you haven't got any wings.

"Dudley Smith," *L.A. Confidential* (1997)

Introduction*

In the summer of 1947, a volley of articles in the *Los Angeles Times* reported that an influx of East Coast hoodlums and gangsters were pouring into Southern California and that this apparent underworld variant of Manifest Destiny necessitated concern

* I dedicate this to my professor, dissertation chair, colleague, friend, and surrogate "Pa," Dr. Alan Block. I chose to write on the subject of the Los Angeles underworld in honor of it being Alan's adopted hometown (by way of Brooklyn and Miami). I also dedicate it to my late grandfather, Carlo Guarino, who found this same underworld to be a source of income and pleasure for many decades.

on the part of the citizens of Los Angeles and its numerous suburbs. Earl Warren, California's Governor and the future Chief Justice of the United States Supreme Court, expressed the rationale behind this concern: "One gangster moving into California from another State where he has power does not mean much, but the minute he becomes associated with others in...bookmaking and the like it becomes serious."¹ Warren elaborated on the seriousness of the threat when he stated, "No Governor could or should view with complacency a condition which can be so harmful in his State as the development of an underworld."² Thus, Warren was astutely aware that the perceived westward demographic shift in the nation's underworld and the consequent burgeoning of criminal networks represented a serious challenge to California.

Governor Warren soon took steps to address the situation, especially since it coincided with a more pressing political interest. Governor Warren needed to undermine the newly elected State Attorney General, Frederick Napoleon Howser, for cause. The former District Attorney of Los Angeles, Howser passively represented the interests of Artie Samish, a powerful Sacramento lobbyist who represented liquor and racetrack interests and an extensive list of underworld clients. "Not only was Howser willing to look the other way as far as Samish's clients were concerned," noted California State Archivist and historian Kevin Starr, "[his] own coordinator of law enforcement was secretly running a string of slot machines in Mendocino County."³ Since Howser was a fellow-Republican, Warren could not afford the political damage such a figure could cause his Administration and his future political aspirations.

To circumvent the influence of Howser, Samish, and Samish's clients on the state's justice system, Governor Warren created the Special Crime Study Commission on Organized Crime of the State of California on November 1, 1947. Governor Warren appointed retired admiral William Standley, the former chief of U.S. Naval operations and Ambassador to the Soviet Union, as Chair of the Commission. Governor Warren then appointed a close political ally, Warren Olney III, to administer the "Standley Commission."⁴

The formal task of the Standley Commission was to report on, "The extent to which persons are organized or are otherwise banded together, both inside and outside the State for business purposes which violate the laws of the State of California" and to discover "the means and methods used by such persons to further and promote their unlawful businesses and purposes in California."⁵ In carrying out these tasks, the commission had two purposes. First, it had to make suggestions for the improvement of legislation and administration measures. Second, it had to inform the public regarding the means and methods used by organized criminals and to identify those involved to the greatest extent possible.

This latter purpose of the Commission provides an excellent glimpse at the process of organizing crime in post-War California's social system of organized crime, a system composed of the extensive networks "binding members of the underworld to upperworld institutions and individuals."⁶ Although many scholarly studies exist on the history of organized crime in other American cities, Los Angeles remains relatively unexamined since organized crime has long been viewed as the purview of urban centers east of the Mississippi.

The investigations and subsequent reports of the Standley Commission offer a solid starting point for research on the subject. Subjects addressed by the Commission include the slot machine racket, gang violence and killers, abuses of writs of habeas corpus, police corruption, bookmaking rackets, attempts by some organized criminals to consolidate gambling in the state through protection rackets, and detailed assessments of the Los Angeles-based, high-profile gangsters Mickey Cohen and Jack Dragna and some of their competitors. With so many subjects to consider, it is necessary for our purposes to select a representative sample. Consequently, we will analyze a portion of the section of the reports dedicated to bookmaking rackets, specifically the investigation of the Los Angeles County-based Guarantee Finance Company. It is chosen, in part, because there are no famous gangster names directly related to the investigation. Indeed, the relative anonymity of the key players typifies the extent and the banality of organizing crime in Southern California during the post-War years.

The Guarantee Finance Company

In July of 1947, the Guarantee Finance Company set up shop on the first and second floors of 1747–1749 East Florence Avenue, which is located in an unincorporated section of Los Angeles County just outside the jurisdictional limits of the incorporated cities of Los Angeles, Bell, Maywood, and Huntington Park. By all outward appearances, the Guarantee Finance Company was a licensed and chartered corporation. The company was authorized to issue stock and, in September 1947, a personal property broker's license was obtained that allowed the company to engage in general finance and issue loans. While this finance and loan business looked perfectly legitimate to the casual observer, the Standley Commission would later say, "The Guarantee Finance Company and its affiliates were used to mask one of the largest criminal enterprises known to law enforcement officers in Southern California."⁷

Marvin D. Kobey was president of the Guarantee Finance Company. Kobey, along with Philip H. Colbert, Harry Rockwell, and Albert Kogus, were the principal members of the operation. Each of the members had a history of illegal bookmaking. Operating underneath these four men were more than 160 runners that who solicited bets from all over the City of Los Angeles. These runners gave potential bettors a phone number and coded phrase for placing bets over the telephone. The runners then returned to settle the wins or losses with the bettor.

The operators of the Guarantee Finance Company developed an ingenious system to mask its illegitimate sources of revenue. If a bettor lost, he would be approached and "advised" by representatives of a "partner" of the Guarantee Finance Company, the Guarantee Discount Company (both located at the same Florence Avenue address). According to the Standley Commission, the Guarantee Discount Company served the function of maintaining "accounts receivable and the settlements made with the runners out of the gambling business."⁸ A witness testifying before the grand jury discussed the experiences of one unlucky bettor, who described the function of the Guarantee Finance Company in less benign terms:

“As his losses mounted...he was visited by two ‘strong-arm men’ who requested that he obtain a loan from Guarantee Finance in order to pay off his bookie losses.”⁹ Another witness dryly observed, “These boys could be real tough.”¹⁰ As a result, of this toughness, the bettor would make payments on the loan at usurious rates until his betting losses were repaid, using his home, car, furniture or other property as collateral. In this manner the Guarantee Finance Company was able to appear legitimate to authorities, all the while combining a lucrative gambling and loansharking operation that, according to sworn testimony of former State Assemblyman and Guarantee Finance Company attorney Ralph Welsh, generated approximately \$7,000,000 in betting volume per year with a lucrative loansharking operation.¹¹

The Standley Commission also uncovered evidence that the Guarantee Finance Company conducted illicit business on the transnational level as well. Based on the seized records it examined, the Standley Commission found that the Guarantee Finance Company served as the Southern California distributor for a lottery based in Mexico City:

Included among the papers found in the offices of the Guarantee Finance Company were many relating to a Mexican lottery known as the International Sweepstakes, S.A., with headquarters in Mexico City. The Guarantee Finance Company was the distributing agency in Southern California for this lottery, and records were found showing that the firm had sold hundreds of lottery tickets to Los Angeles residents...¹²

It is worth mentioning that one of the lottery salesmen was an L.A. County deputy sheriff and many of the lottery’s customers were also clients of the Guarantee Finance Company.

The seized records show that one of the largest loans made by the Guarantee Finance Company was to a tax consultant for the company named Harry Sackman. The loan was to be used for the purpose of assisting with the start up of International Sweepstakes, S.A. The Standley Commission reports,

The proceeds of the loan were wired to him [Sackman] in Mexico City. The records of the company indicate that he [Sackman] was in Mexico City at that time in connection with the original formation of a lottery known as the International Sweepstakes of Mexico.¹³

Records of the company’s incorporation in Mexico provide only the bare minimum of information about its capitalization, which stood at \$500,000 pesos represented by 5,000 shares of stock.¹⁴ Whether International Sweepstakes, S.A. was simply a subsidiary of the Guarantee Finance Company or a joint-venture with Mexican criminal entrepreneurs remained unknown to the Standley Commission.

What is clear is that International Sweepstakes, S.A. began advertising in Mexico City in early 1948 and held its first drawing, based on the racing results at the Handicap de las Americas held at the Mexico City Race Track, on May 9th, 1948. The company guaranteed the distribution of 1,000,000 pesos in prizes. This lottery was international from the start, as evidenced by the February 14, 1948 seizure of 64,254 books of lottery tickets valued at \$1,200,000 by U.S. Customs officers when they stopped a delivery truck near Laredo, Texas.¹⁵ The transnational activities of the Guarantee Finance Company illustrate, however, that the

company was constantly searching for sophisticated ways to increase profits that were not bound by local, state or national jurisdictions.

The first floor of the Guarantee Finance Company headquarters served as the office where the loans were processed. Just upstairs, through a fortified door that could only be opened with a passkey, the bookmaking business bustled. When an undercover police officer surreptitiously entered this area as part of an ongoing investigation into illegal bookmaking, "He saw a battery of 10 to 12 telephones operated by employees busily engaged in taking bets under the supervision of a 'pit boss.' An elaborate system of racks for holding the betting markers was observed."¹⁶

Such an extensive system relied heavily on the use of the telephone for remaining covert and handling the more than \$7,000,000 betting volume per year. Indeed, the Guarantee Finance Company paid directly for 74 telephones and more than 100 more were part of the extensive telephone network scattered across satellite locations scattered across the County. The Standley Commission determined that the runner most likely paid for the telephones at the satellite locations (located in places like barbershops and bars). By today's standards, acquiring that many telephones, and service for them, does not seem like a big deal. However, as the Standley Commission points out, "...the ease with which the Guarantee Finance Company could obtain telephone installations even when wartime priorities and postwar shortages made it impossible for many legitimate applicants to obtain necessary service," was significant.¹⁷

The Roles of the Upperworld

If one wonders how the Guarantee Finance Company was able to obtain such an extensive telephone network for illegal activities while many legitimate consumers were being denied service, then one need not look much further than Kobey's relationship with one James B. Smart, Jr. Smart was the manager of the phone company branch responsible for providing service to the Guarantee Finance Company. According to the Standley Commission, Smart and Kobey were good friends. Nevertheless, their relationship entailed more than just friendship.

The Standley Commission reports, "Kobey persuaded him [Smart] to buy horses for Kobey under Smart's name. They were to be registered and raced under Smart's colors, but they were to be Kobey's horses."¹⁸ The potential for Smart to receive financial compensation under this arrangement is implicit. Given the nature of Kobey's relationship with Smart, it is easy to see how the Guarantee Finance Company was able to secure telephone service for its operations. After the subsequent exposure of the Guarantee Finance Company as an illegal bookmaking operation, the telephone company transferred Smart to Oceanside and Kobey and Smart were both banned from thoroughbred racing.

Preventing the interference of law enforcement proved as uncomplicated as securing phone lines. The Standley Commission notes that,

The history of the Guarantee Finance Company and its allied organizations is illustrative of the peculiar blindness to organized crime that appears to overcome so many agencies of government when their attention is directed to obvious evidence of violations of the law.¹⁹

Indeed, the members of the Guarantee Finance Company operated with complete impunity for almost two years despite a pattern of documented complaints to the Los Angeles County Sheriff's Office from both the telephone company and the Los Angeles Police Department. Both knew that the Guarantee Finance Company was a front for bookmaking, but they could not convince the Sheriff's Office, which had jurisdiction in the unincorporated portion of Los Angeles in which the business was located.

The Standley Commission documented a pattern of evidence that the Los Angeles Sheriff's Office refused to take action despite knowing what was occurring at the Guarantee Finance Company. Captain Carl Pearson, head of the Sheriff's vice squad, provides a typical example of the "blindness" afforded to the Guarantee Finance Company. The Standley Commission reports,

The Special Crime Study Commission on Organized Crime has in its possession six reports to Captain Pearson, Los Angeles Sheriff's Office, by the telephone company telling him bookmaking was being conducted at the...address. These reports to Pearson, which began in 1947, had no apparent results.²⁰

The Standley commission then goes a step further. It alleges that the Sheriff's Office did more than just turn a blind eye to the operations of the Guarantee Finance Company. Indeed, it actively assisted in protecting the operation from investigation by the Los Angeles Police Department.

After arresting several runners, Lieutenant (then Sergeant) James Fiske, who was in charge of the bookmaking detail of the Los Angeles Police Department's vice squad, obtained information from both bookies and bettors operating in the City of Los Angeles that the Guarantee Finance Company served as the headquarters for a large bookmaking operation. Fiske visited the Guarantee Finance Company's office twice in late 1947 and generated a large amount of intelligence concerning its operations. Though no arrests were made during either visit, on the second visit Fiske took all of the betting markers for the day. The Sheriff's Office responded to Fiske's actions towards the Guarantee Finance Company by having one of its Captains, Al Guasti, personally delivering a written "complaint and protest to Fiske's superiors about his attempt to enforce the law and a demand that he be ordered to refrain from carrying out his investigations into county territory!"²¹ The Standley Commission's view of these actions were unequivocal:

The operations of the Guarantee Finance Company show not only neglect and indifference on the part of the Sheriff's Office, but actual resistance to police department attempts to investigate and bring to a halt the illegal operations of this syndicate.²²

As far as the Standley Commission was concerned, the impunity under which the Guarantee Finance Company operated was a direct result of the inaction of the Sheriff's Office.

The Sheriff's Office was not the only source of complaints about Fiske's investigation. The president of the Guarantee Finance Company, Marvin D. Kobey, also expressed his ire. The Standley Commission reports that Kobey had a conversation with Lieutenant Wellport of the Los Angeles Police Department on September 13, 1947, at around 10:00 p.m., where he complained about Fiske taking his company's books. During the course of that conversation,

Kobey told Wellport that it was generally necessary to negotiate with a man named Dave Rubin to open a gambling or bookmaking establishment in Los Angeles county. Knowing that, he said, he telephoned Rubin when he wanted to reenter the bookmaking racket and was informed he was too late...Kobey said that he next got in touch with a friend who was then the foreman of the Los Angeles grand jury and who advised him that he did not have to do business with Rubin...Kobey so informed Rubin, opened his bookmaking establishment and was not seriously interfered with until Fiske took his books.²³

The conversation illustrates two important points. First, the candor of Kobey talking with a police Lieutenant about how he went about establishing his illegal bookmaking operation seems to indicate little, if any, concern about criminal prosecution for the activities. Second, Kobey's self reported connection with the Los Angeles grand jury foreman underscores another relationship that binds underworld and upper-world actors into this specific social system of organized crime.

With the surreptitious ties of Guarantee Finance Company to local law enforcement securely established, the Standley Commission then briefly turned its attention to its main target, the State Attorney General's Office. The Standley Commission reported that on January 13, 1949, Special Agent McClary of the Attorney General's office conducted an investigation of the Guarantee Finance Company at its headquarters. The Commission interviewed the treasurer and auditor of the company as part of the investigation. The Standley Commission determined, "After the subsequent exposure of bookmaking at that place [Attorney General Howser] reported that on the occasion of his agent's visit 'there was no activity that would lead Mr. McClary to believe that at that there was any illegal activity of any kind going on.'"²⁴ The Standley Commission made clear its skepticism of the comment by Attorney General Howser by noting that the records show no interruption of business on that date.

Creating Impunity

The Guarantee Finance Company understood that the fastest road to impunity from law enforcement was to pay it off. An analysis of the Guarantee Finance Company's books revealed that they had an account set up just for this purpose. After examining the books of the company, Charles Manaugh, special auditor for the Standley Commission, testified at the trial of the principals that, "The Guarantee Finance Co. officials paid \$108,000 in 1948 to law enforcement officials for protection for bookmaking enterprises."²⁵ This relatively large sum of money used for payoffs to law enforcement officials paid substantial financial dividends.

The types of patrons associated with the Guarantee Finance Company also accounts for part of the impunity afforded to it by law enforcement. The Standley Commission points out that, "Guarantee records reveal that numerous loans were made to police officers of the Los Angeles Police Department, deputy sheriff's and other public officials."²⁶ Whether these loans were made under legitimate or illegitimate pretenses was not made clear in the reports. However, evidence of at least three cases of inappropriate police associations with the Guarantee Finance Company was reported in the press.

The first case involved Los Angeles Police Department Sgt. Robert Sumner, who was brought up on charges before a police board of rights for misconduct. Not only had he obtained a loan from the company, but he also took on a second job as a debt collector for the company. With regards to Sumner, the Standley Commission found,

In addition to borrowing money himself, he helped the company collect some of its bad debts. According to testimony developed during the investigation, he "directed" one man in debt to a bookie, to the Guarantee offices threatening him with arrest if he did not apply for a loan. This example of Sumner's activities is not an isolated one. He used similar methods to redeem bad checks.²⁷

The second case centered on a police officer attempting to get advance information on when the raid of the Guarantee Finance Company was to take place. Alice R. Ensloe, an investigator for the State Securities Corporation Commission, testified against Los Angeles Police Department Sgt. R.J. (Whitey) Hollis before a police board of rights hearing. Ensloe testified,

Sgt. Hollis told me that he had been talking with the president of the company and that he (Sgt. Hollis) was informed that if they (the finance company officials) knew when the planned raid was going to take place "there might be a piece of change in it for somebody."²⁸

The third case centered on a comment made by a sheriff's deputy that was overheard during the raid of the company. Alice Ensloe testified before the grand jury that she had seen a uniformed sheriff's deputy in the offices of the Guarantee Finance Company under curious circumstances:

She said that the deputy entered the offices and approached Mrs. Welsh at the front desk to inquire, "How's everything? Has the smoke cleared up around here yet?" Miss Ensloe testified that Mrs. Welsh made a warning gesture and that the two conducted a short whispered conversation, at the end of which the deputy said loudly, "Well I guess you won't need any tickets today. I'll come back and see you later."²⁹

This strange incident indicated to the Commission that the deputy sheriff was engaged in some disreputable business with the company.

Such a slew of formal and informal relationships between law enforcement officers and the Guarantee Finance Company illustrate the level of protection it possessed. Whether it was in the form of direct pay-offs, loans, jobs on the payroll, or other means, the Sheriff's Department provided the impunity that allowed the illegal bookmaking and loansharking operations of the enterprise to go unchecked. Consequently, any officer that investigated the Guarantee Finance Company faced a myriad of forces within his own organization that preferred that he not.

The Twisted Road to Collapse

The downfall of the Guarantee Finance Company did not result from any law enforcement effort to strike at its illegal activities. Rather, its exposure and ultimate demise began with an unlikely source, the State of California's Division of Corporations. The Division of Corporations regulated the licensing and business transactions of California corporations. After receiving anonymous complaints, employees of the Division of Corporations made an unexpected visit to the Guarantee Finance Company on January 27, 1949. They subpoenaed all of the company's records and solicited testimony for the purpose of determining if the personal property broker's license issued by the Division of Corporations should be revoked or not. During this investigation, the Standley Commission reported,

...principals of the company acknowledged "off the record" that bookmaking was being conducted there and offered voluntarily to surrender their loan broker's license in order to have the representatives of the Division of Corporations leave the premises without further inquiry – and without the company's records.³⁰

The Division of Corporations, outside of the influence of Attorney General Howser's office and Artie Samish, declined the offer and completed a thorough investigation into the company's activities.

After the Division of Corporations obtained the records of the Guarantee Finance Company, the Standley Commission subpoenaed them. The next day, they summoned federal agents from the Bureau of Internal Revenue to study the records. On March 22, 1949, a meeting was held with the Standley Commission's chief counsel and investigator and the, "...Assistant Commissioner of Internal Revenue, the Director of the Intelligence Unit, and a number of other bureau officials," in Washington, D.C.³¹ The purpose of the meeting was to discuss possible federal criminal prosecution of those behind the Guarantee Finance Companies illegal operations. The Standley Commission later reported,

The commission representatives came away from this conference under the impression that...investigation of the matters disclosed by the Guarantee Finance records would be conducted with a view to criminal prosecution and that no compromise of criminal liability would be considered by the government in view of the size and nature of the apparent fraud.³²

Hopes for such a prosecution were not well founded given that the principals behind Guarantee Finance Company remained one step-ahead of their pursuers. In this case, they simply used the tax law to their advantage. Before criminal proceedings began, the Standley Commission reported that Harry Sackman, the previously mentioned tax consultant for the Guarantee Finance Company who established International Sweepstakes, S.A. in Mexico, went directly to the Internal Revenue Commissioner in Washington, D.C. Sackman proposed to file amended tax returns for the members of the Guarantee Finance Company for the year 1948 without deducting more than \$350,000 of unexplained "business expenses." The Internal Revenue Commissioner agreed, undercutting plans to prosecute Sackman's clients for tax evasion:

The bureau agents stated that the acceptance by the government of this proposal made it impractical to proceed against the members of the syndicate to compel them to disclose to whom these moneys had been paid, and, consequently, that it would not be possible for the government to prosecute such persons criminally, or even to collect from them the taxes and penalties due.³³

Why was Sackman's visit to Washington, D.C. so successful? While the Standley Commission does not come to an explicit conclusion, it inferred that Sackman and/or his clients used either money or influence with politicians to quell the matter. The Standley Commission's suspicion that something shady was going on is inferred from what they called the "remarkable results" obtained by Sackman in Washington, D.C.³⁴ Whatever the reason for the Internal Revenue Commissioner's decision, the members of the Guarantee Finance Company subverted the anticipated federal criminal charges.

With federal remedies exhausted, a Los Angeles grand jury eventually indicted the four principals and eight other agents of the Guarantee Finance Company for "69 overt acts of bookmaking, operating a lottery and conspiring to make a book."³⁵ The four principals of the Guarantee Finance Company, Kobey, Kogus, Colbert, and Rockwell, and four of their agents, were convicted after a two-month trial for conspiracy to violate the bookmaking law. The principals were sentenced to state prison and the agents were sentenced to county jail time. The Standley Commission lamented the limit of the sanctions, noting "...the action taken by the county authorities was highly appropriate, but no charge of having conspired to defraud the United States was ever filed."³⁶ The comment by the Standley Commission embodies their frustration over continued inaction by United States Internal Revenue agents to strike at organized crime by going after income tax violations.

As for Governor Warren's informal mandate for the investigation, Attorney General Howser nor lobbyist Artie Samish were charged with a crime. However, the adverse publicity generated by the Commission's investigations derailed Howser's efforts to secure his party's nomination for the 1950 election, leading to the eventual election, with Governor Warren's "*sub rosa* endorsement," of Democrat (and future Governor) Pat Brown to the Attorney General's Office.³⁷ This was a serious setback for Samish and his clients as they no longer controlled California's chief prosecutor.

The Social System of Organized Crime

In the words of the Standley Commission, "organized crime does not exist in a social vacuum."³⁸ Indeed, the case study of the Guarantee Finance Company clearly shows that the very thought of a vacuum is a naïve one given the company's extensive relationships with a gamut of upperworld actors. As the Standley Commission astutely observed, "All criminals are more or less dependent upon contacts with more respectable members of society and this is particularly true of those engaged in commercial forms of crime. For them, friendships with political figures are absolutely essential."³⁹

These contacts with nominally more respectable members of society help constitute the social system of organized crime. This holds particularly true for the relationship between members of the criminal justice system and the criminal enterprise. Historical criminologist Alan Block differentiates between three potential roles of criminal justice in relation to the criminal enterprise. The first two roles of criminal justice concern, "...either the passive one of non-interference cemented by the bond of bribery, or the active one of pursuing crooks and harassing the enterprise."⁴⁰ These two roles are engaged in simultaneously with one another. The third potential role of criminal justice is actively aiding the syndicate. Block asserts, "...it would be a serious mistake to hold criminal justice especially law enforcement to just these two roles in illicit enterprise. There is a third one which is that of active criminality."⁴¹ Examples of each of these three roles of criminal justice in illegal enterprise, non-interference, active pursuit of the syndicate, and active criminality, can be found in the case of the Guarantee Finance Company.

The Guarantee Finance Company spent a substantial amount of money to secure "non-interference." Bribes for law enforcement were simply viewed as a cost of doing business. The Guarantee Finance Company budgeted for this eventuality, as evidenced by their records that indicate \$108,000 was paid to law enforcement in 1948 alone. Regrettably for the members of the Guarantee Finance Company, impunity was a relative experience given the multiple police jurisdictions in Los Angeles County. Indeed, not all law enforcement in the area was for sale. Lieutenant Fiske of the Los Angeles Police Department's vice squad illustrates the point. Fiske raided the Guarantee Finance Company and gathered extensive intelligence regarding the operation, despite the company operating in the jurisdiction of the Los Angeles Sheriff's Office. This is despite the Sheriff's Office's passive non-interference with, and active protection of, the Guarantee Finance Company as well as Attorney General Howser's unwillingness to take an interest in the matter.

To its credit, the Standley Commission recognized one of the major underlying issues represented by the case: the opportunities offered organized crime due to "...the fundamentally decentralized character of law enforcement agencies in the United States...." This decentralization, long a valued characteristic of American political culture and organization, imposed "...obvious disadvantages in coping with organized crime...."⁴² The Commission went on to explain how there were 46 separate law enforcement agencies employing almost 9,000 persons in Los Angeles County at the time of their investigation. This was further complicated by the various agendas of the 75 police, courts, and city and county level prosecuting agencies in Los Angeles County that produced "inequalities by both accident and design in the treatment of offenders...."⁴³ Furthermore, the Standley Commission agreed with a conclusion of a 1949 State report, "A Report on a Survey of the Los Angeles County Facilities for Dealing With Crime and Delinquency," which found, "The situation is particularly deplorable because the geographical locations of the agencies' jurisdictions are so intertwined in many cases."⁴⁴

The Standley Commission did find a few positives in its investigation. It noted that there were “some outstanding examples of good cooperation between a few small groups of agencies....” Yet this was not enough, because “...unfortunately there are a greater number of agencies not cooperating with one another.” Consequently, “Most of cooperation in law enforcement in the county is attained by individuals employed by the different agencies and not by the agencies.” Until cooperation occurred on the agency level, “This is in itself a situation which is an invitation to the growth and spread of organized crime.”⁴⁵

Nonetheless, the Commission’s discussion of the jurisdictional issues that created opportunities for organized criminals still placed the blame for corruption on the criminals themselves, not the substantially flawed criminal justice system. Reflecting this point of view, one chapter of the Standley Commission’s *Third Progress Report* is entitled “The Sabotage of Law Enforcement.” In this chapter, the Commission argues, “the hallmark of organized crime is its persistent, corrupting endeavor to supplement its rule of force in the underworld with sufficient influence in government to avoid damaging interference from law enforcement agencies.”⁴⁶ If not but for these organized criminals, the logic goes, corruption would not take root in the community.

Such a viral perspective of organized crime reflects the alien conspiracy theories common to the time. If there is a major critique to be made of the Standley Commission, it is that it explicitly embraced such theories in the way it framed its investigation, even when its own evidenced did not fit the mold. This led them to focus largely on criminals of Italian or Sicilian descent as *les provocateurs célèbres* to the exclusion of others. For example, reflecting the perspective of Governor Warren and the *Los Angeles Times* mentioned earlier, the Commission believed that organized crime in California was controlled by the East Coast successors of, “...the Mafia, and Unione Siciliano, of which the notorious ‘Lucky’ Luciano was a member, and that incredible group of professional assassins in New York sometimes referred to as ‘Murder Inc.’”⁴⁷ Though fashionable at the time, the view that organized crime was a national, hierarchal familial structure composed of Italians severely circumscribed the Commission’s approach to studying and reporting on the phenomenon.

A simple examination of the networks created to advance the illicit enterprises of the Guarantee Finance Company allows for a more accurate, less-ethnically delineated assessment.⁴⁸ From this case study, it is evident that organized crime was neither a strictly Italian phenomenon nor was it just the simple relocation of East Coast racketeers to the West Coast. Rather, organized crime was firmly embedded within the local community and its Byzantine layers of political and criminal justice jurisdictions that encompassed a fluid network of a wide range of people of different ethnicities that bound members of the underworld to upper-world individuals and institutions.

Although the Commission recognized the importance of jurisdiction, it stopped short of concluding that the criminal justice system was, for all intents and purposes, a full partner of the professional criminals, motivated by the greed and/or quests for power of many of its employees. Indeed, if the Standley Commission had

been able to transcend its own prejudices and simply recognized the implications of the networks it uncovered in its investigations for what they were, more substantive findings, with broader social and political implications, may have developed. After all, as found in another recent study in which social network methodology was used to analyze historical data on organized crime,

...it is quite clear that a social network approach provides a more efficient, effective, and culturally sensitive means to identifying, analyzing, and explaining the phenomenon. It allows us to focus on the process of organizing crime, which brings to our attention actors that otherwise may be excluded from traditional approaches. Consequently, organized crime can be viewed more clearly in terms of its role and function in a given society.⁴⁹

The Guarantee Finance Company is just one of a number of investigated by targets the Standley Commission. It investigated many other forms of criminal enterprise, violent crimes, and such underworld luminaries as Mickey Cohen and Jack Dragna, as well as their respective and overlapping ties to various law enforcement agencies and upperworld actors. Though largely failing to ask and answer some of the larger structural and functional questions pertaining to organized crime in the California, the Commission's reports serve as a valuable starting place for a much more comprehensive analysis of the social system of organized crime as it existed throughout the Golden State. The Standley Commission and its findings deserve much further study.

Notes

1. "Warren Tells Concern Over Gang Crimes," *The Los Angeles Times*, June 25, 1947, p. 2.
2. Ibid.
3. Kevin Starr, *Embattled Dreams: California in War and Peace, 1940–1950* (New York: Oxford University Press, 2002), p. 265.
4. Ibid.
5. State of California, Special Crime Study Commission on Organized Crime, *Second Progress Report of the Special Crime Study Commission on Organized Crime* (Sacramento: State of California, March 7, 1949), p. 8.
6. Alan Block, *East Side, West Side: Organizing Crime in New York, 1930–1950* (New Brunswick: Transaction Publishers, 1995), 10.
7. State of California, Special Crime Study Commission on Organized Crime, *Third Progress Report of the Special Crime Study Commission on Organized Crime* (Sacramento: State of California, January 31, 1950), p. 34. Hereafter, *Third Report*.
8. Ibid., 40.
9. "Threats Laid to Loan Firm at Inquiry; Bettors Advised to Borrow 'Or Else,' Grand Jury Told," *The Los Angeles Times*, October 28, 1949, p. 2.
10. *Third Report*, p. 39.
11. Ibid., p. 35.
12. Ibid., p. 53.
13. Ibid., p. 38.
14. Ibid., pp. 53–54.
15. Ibid.
16. Ibid., p. 37.

17. Ibid., p. 50.
18. Ibid., p. 32.
19. Ibid., p. 43.
20. Ibid., p. 46.
21. Ibid., p. 44.
22. Ibid., p. 76.
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