

# I'm Walking, Yes, Indeed, But Not Talking The Great 1929 Slot Machine Scandal

by John Bollinger

With legalized gambling in many states, slot machines today are an accepted part of American life. According to the American Gambling Association, in just casinos and race-tracks around the US alone, slot machines annually bring in over \$21 billion in revenues. A lot of nickels, dimes, quarters and Sacagawea dollars.

However in post-St. Valentine's Day Massacre Chicago, the slot machine business was still in its infancy; one with parents from organized crime families. An easy way to make money, the mob placed slot machines any where they could exploit the Roaring Twenties' love of getting rich at the pull of a handle.

In 1928, According to then Illinois Assistant States Attorney, Henry E. Ayres, "So many machines were placed in operation that truant officers were compelled to demand that the police remove the machines from the vicinity of school buildings where school children frequently gambled on the machines."

In December of that year, shortly after the election of Mayor Anton Cermak to clean up the corrupt administrations of William Thompson and William Dever, John A. Swanson, a former judge, was installed to clean up crime as the Cook County States Attorney. Investigating slot machine syndicates and bringing them to justice would be his first major undertaking. Feeling public opinion was with him, Swanson started a well-funded undercover investigation into Chicago slot syndicates.



A 1928 Rockola retrofitted Mills Novelty slot machine with Skill Play function that allowed players to stop individual wheels to think they had a better chance of winning. (Picture Courtesy of Ray Stuart of Games Stand).

Little did Swanson and the public know that the investigation and the subsequent trials would be ruined by David C. Rockola, a smalltime, slot machine, street operator (and later the founding father of the jukebox business), much less how Rockola's part in the trial would single-handedly save the slot machine business.

As a brand new DA, Swanson was not only hampered by having a new and inexperienced staff, but also by

conflicting local laws and regulations concerning slots. Slot machines being legal in Eastern Indiana did not help, but Illinois Attorney General Oscar Carlstrom's ruling that slot machines were okay that did not give cash payouts (but rather tokens or vouchers that could be redeemed for cash), highly complicated their work. Though one might wonder what the difference was to Carlstrom, this rule was made in several states to make certain that jackpot payout amounts were as displayed. Even though slots rarely enriched the player, operators were known to short the winnings.

After several months of rounding up everyone known to be involved in the slot business and questioning manufacturers, owners, distributors and players (housing potential witnesses in hotels), Swanson, in June 1929, formed a grand jury in which Rockola and slot machine manufacturer William Keeney spilled the beans on the Southside Slot Syndicate of James N. "High Pockets" O'Brien.

Keeney testified he did split profits with O'Brien on slots, however the machines split on were the legal token type or were operating in slot-legal Northern Indiana. He also stated High Pockets (via his minion Rockola) introduced illegal mechanical additions to his machines that gave immediate payouts.

However, Rockola's grand jury testimony on the syndicate did far more damage.



The future Jukebox King, David Rockola (left) posing during the trial with his attorney Louis Piquette (later to be John Dillinger's last lawyer). (Picture Courtesy Chicago Examiner from Chicago Crime Commission)

Age 35 at the start of the trial, Rockola -- who would hyphenate the name of his company to Rock-ola well before Bill Haley rocked around the clock -- was still a Canadian citizen, telling investigators he had spent 17 years in Chicago. Both a smoker and a drinker, he was married to Margaret, who was an executive in his company.

Though his name ended in a vowel, and many assumed him of Italian heritage, Rockola was White Russian. His father, George, a blacksmith turned inventor (developing and patenting a double-stroke pump in 1906) immigrated to McCauley, Canada from Byelorussia in the 1890's.

Rockola's industriousness and determination were exhibited at an early age. While living with his mother, Sarah (then separated from his father) in Virden, Canada, young David and three of his four brothers built the house they lived in. At age 14, David left home after his mother died and worked his way through several Canadian cities before landing in

Chicago, then a highly experienced 18 years old.

In his grand jury testimony, Rockola said that he worked on his own under O'Brien in 1927 and 1928, before that, from 1923, for W.E. Kenney as a mechanic. Prior to that he was an inspector for one of the largest slot machine manufacturers, OD Jennings and Co. At the time of investigation, Rockola was retrofitting payout devices on slots for the biggest slot companies in the world. Two in particular, Jennings and Mills Novelty, were companies with major ties to Frank Costello and other mob families in New York City as well as the Chicago mobs.

Dubbed a "Crown Prince" of the slot syndicate by Chicago's news editors, Rockola was the middle management of High Pockets syndicate's menial and managerial duties.

On the menial side, according to Rockola's grand jury testimony (presented publicly at trial to give him immunity), he and an accomplice took truckloads of confiscated machines out of three police stations, doling out a total of \$500 to one sergeant and two police captains in the process.

Conversely, he wasn't just a piano mover. As we'll see, Rockola also showed his executive legerdemain with not only the police, but with major politicians and competing gangsters, and in manipulating the system.

Because of Rockola and Keeney's testimony the State filed bribery and corruption of public morals charges against the Southside Slot Syndicate. Prosecutors said the syndicate was an annual million-dollar operation, approximately \$11 million today.

High Pockets O'Brien, 42 at the time, was so nicknamed because of his unusual height: his pants pockets at eye level to most people. After many years of running bars in Genoa, Illinois, he had moved to Chicago and opened the Horn Palace Saloon at 43rd and Halsted, directly across from the stockyards.

Perhaps feeling he might never get the chance to travel there, when prosecutors handed out the indictments in the second week of September 1929, High Pockets high-tailed it to Europe where he was tracked to both London and Paris. Subsequently, Chicago authorities started the extradition process.

Despite their star hood's absence, the State indicted a riverboat load of, 28, defendants, including six police captains. Indeed having this many police indicted was unusual for Prohibition era Chicago, but adding to the drama, many politicians and supposed "legitimate" businessmen were served papers as well. Dr. William H. Reid (the most politically prominent of the group): political fixer and Smoke Inspector under Mayor Thompson; Frank Heydorn: a Seventh Ward politician; Elmer Brown: Tenth Ward Committeeman; Arthur Dyer: Fifth Ward Committeeman; John Huff: a Thompson politician and Sam Hare: a cabaret owner were among those who made the list.

Before the official start of the trial, Fred Mills, the head of Mills Novelty, regarded as one of the most prominent potential defendants in the case (the company would be the largest manufacturer of slot machines for the next six decades) and Martin Guilfoyle, the head of the Northwest Side syndicate had the charges against them dropped, ostensibly for lack of evidence.

However, Guilfoyle and O'Brien were not the only rackets runners named in the case. Danny McFall, a Southside gunman and racketeer was rounded up, as was one of the city's finest examples of flamboyant gangster, Spike O'Donnell.

Edward "Spike" O'Donnell, the longest lived of the city's beer runners, added color to the trial, first by firing his lawyer, then his stenographer, then by stating that he couldn't be bothered with reading and then by attempting to grab newspaper headlines. Pre-trial, O'Donnell crowed to reporters, "Wait'll I get that guy Rockola on the cross-examination. I'll give him plenty." At the start of jury selection for the trial, O'Donnell was so busy pumping up his own image (talking about the Notre Dame-USC football game with reporters and hangers on outside the courtroom) that he had to be summoned into court.

Another character with a prominent though less public role in the eventual outcome was a beer runner, Leonard Boltz, but more on him later.

No matter the exceedingly large number of defendants and the power of the names in the trial, Chicago newspapers would make David C. Rockola the "star" of what turned out to be a series of trials.

As High Pockets was indulging in his Grand Tour of Europe, Dr. William Reid was named the primary defendant in the first trial because of his close association with former, and soon to be again, Mayor Thompson. From Rockola's grand jury testimony Dr. Reid, was given a \$400 bribe as his cut of the slots. When Reid complained it was not enough, Rockola handed over two more envelopes to the Doctor, one for \$400 and another for \$300. Along with this, Rockola negotiated a \$500 envelope for com-



Rockola appearing to run the court and his lawyer Piquette.  
(Picture Courtesy Chicago Examiner from Chicago Crime Commission)

mitteeman Dyer (through Spike O'Donnell) and \$1000 to Elmer Brown, the Board of Improvements Attaché.

From this testimony we see that Rockola wasn't merely a doing the grunt work. Though it appears the riches of the mint vending machines were leading to everyone putting a hand into Rockola and High's pockets, the level of pols involved meant they were dealing with a better crowd.

However this may be why Rockola, the Crown Prince of the syndicate, agreed to rat. Rockola had 450 to 600 machines running charging between \$100 and \$150 per machine and letting the owner take one third of the proceeds, with Rockola keeping two. After O'Brien's 75% (\$750,000) cut this left the Crown Prince with only a self claimed \$190,000.

Needless to say, with this sort of cash available and potentially much more, Rockola drew the most prominent of legal representation. William Scott Stewart was Rockola's initial attorney. Formerly a Chicago DA,

Stewart was one of the first to go from prosecuting criminals to defending them. So fabulously famous was he that he became the role model for the lawyer Billy Flynn in "Chicago" of Broadway show and Oscar winning movie fame. Later, with the initial work done, Louis Piquett, John Dillinger's attorney (another former DA), would take over the case.

Before the official start, the trial venue was moved to the county building, when Committeeman Dyer's attorneys successfully argued his heart condition meant he needed to be near downtown medical help.

When the trial finally began, prosecutors presented a previously unheard of list of over 500 witnesses, including Police Commissioner, William F. Russell, who had recently been brought in to clean up corruption in the Chicago police force.

Ten minutes prior to their initial testimony, Rockola and Keeney told Prosecutor Ayres they were prepared to work for the State. It appeared to the State that they were on the edge of destroying the menace of slot machines.

However, according to court briefs, "it is strange what money and outside influence can do in a criminal case. It can hire the best attorneys, intimidate witnesses and apparently pay David Rockola a "salary". Indeed Rockola's attorney informed me [a court officer] that he had received \$10,000.00 cash to defend Rockola, and that other defense attorneys had received similar initial compensation"

Suddenly, both star witnesses decided to invoke their Fifth Amendment rights (a relatively new defense tactic, but one that would be used over and over again by Organized Crime) and the court was in pandemonium.



Though Judge Chief Justice John P. McGoorty considered bringing conspiracy charges against him, he limited his wrathful comments to Rockola, "You are largely the one who started the machinery of the law in motion on this case. Now, by your contumacious attitude, you may render it impossible for the state's attorney to proceed. It is now the duty of this court to find you guilty of contempt, and the court does so, sentencing you go six months in the county jail."

When Keeney decided that he too would take the Fifth, Ayres suggested prosecution of the business executive for perjury. Outraged, McGoorty publicly scolded Ayers for his statement and when the case was nolle prossed (dropped so that prosecutors would be able to retry at a later time), Keeney was allowed to go unscathed.

With Rockola turning his back on the State, suddenly High Pockets decided he had had enough of Europe (particularly as he was arrested and extradited from Paris). He returned to Chicago, while his street associate cooled his heels in Cook County Jail.

Bowed but not broken, Swanson and Ayres decided to concentrate on a much smaller portion of the information they had received in their year-long investigation and a few weeks later indicted Officer Frank Beran, an evidence room custodian.

For the second trial, the judge was Otto Kerner, major friend and backer of crime busting Mayor Anton Cermak and father of Otto Kerner Jr. the convicted Illinois Governor from 1961-68.

In the Beran trial, Rockola's runner, Floyd Grotz, testified that he and the Crown Prince took more than 45 slots from City Hall in April and May of 1928.

Summoned again to the stand and after much prodding from Ayres, Rockola decided he would talk, "I talked with Beran several times in his office in the City Hall. I asked him if I could get some of the confiscated slot machines back. If I remember correctly I said that James O'Brien had sent me down to ask if I could get the machines back." It was the only testimony he would give.

Outside the courtroom the press clamored for the reason Rockola testified in the Beran case. Louis Piquett related his client's thoughts, "This thing has gotten my goat," and "I am now going to tell all I know of the entire transaction."

But was Rockola's goat gotten or was he manipulating an even better deal for himself with The Outfit? With the first trial nolle prossed, the prospect of another trial against the initial defendants loomed very large. Suddenly Rockola had a lot of leverage with both the law and the bad guys.

In a fascinating tip sent to the Editors of the Chicago Tribune and then to the Chicago Crime Commission, an anonymous source snitched that while the slot trials were going on, the Rock-ola Mfg. Co. was still working on remanufacturing slots and that there were people at the offices "who wish to be known to the public outside Cook County as manufacturers of slot machine devices."

According to CCC documents, indictments were having an effect in the underworld. Leonard Boltz, one of the original 28 defendants and more than a beer runner as previously mentioned, approached Keeney in order to open an account for 100 machines to be distributed in New York. Add to this that all of the slot machine manufacturers Rockola had worked for were connected to New York mob families.

Through the 30's and 40's, in Southern states, the only slot machines that were allowed to be placed by Carlos Marcello (head of the New Orleans mob) were the ones cleared by his close associate Frank Costello of New York, those machines were Chiefs from OD Jennings, one of the companies Rockola reworked payout mechanisms for. In fact over the next thirty years after the slot trials, Rock-ola would swap executives with Jennings several times.

Just perhaps Rockola's change of heart had helped him truly become a "crown prince". The move to suddenly become a state witness again certainly would have made Machiavelli notice a very keen student.

Beran, as you might expect of the lowliest of those indicted, was convicted of accepting \$250, \$125 and \$80 bribes to let the slot machines out the back door. Swanson, thinking perhaps the tide was turning in his -- and the public's -- favor, brought a third trial against High Pockets.

Prior to its opening, Judge McGoorty (again hearing this trial) refused a defense request to quash, as they argued that bribery, according to Chicago ordinance, had to be of police officers with higher rank than captain. It seems that defense attorney's saw the need to actually practice law rather than rely on the state's prime witness being bought off. The defense argued the State was playing fast and loose with the law, but frequently in court briefs their justification was the large public outcry.

Prosecutorial rawness notwithstanding, from the two trials, the State thought it was effectively narrowing its focus, and kept up the pressure. During the third trial, two clerks of the police custodian's office stated seeing Morgan Collins, the Chief of

Police in the Dever Administration, introduce O'Brien and Rockola to the custodian's office. It appeared the noose was tightening, particularly with the formerly intransigent star witness seeming to play along.

However in the third trial, Rockola for the second time refused to testify. McGoorty admonished Piquett, "This court is not at all satisfied with your actions as counsel, Louis Piquett. I do not like your attitude at all. A lawyer has a duty to the courts and to the public. I believe your client has been badly advised. I feel that you are not without responsibility in this matter, Mr. Piquett. The court has grave reason to question your good faith. This court has grounds to believe that there are other reasons than those stated as to why you advised your client not to testify."

Once again, Rockola was sent to jail for contempt, even though he pleaded for leniency as his wife, Margaret, was close to having their first child.

With the case in shambles, O'Brien's defense refused a nolle prosequi attempt, so he could not be retried and the state continued on with the trial for several days, despite McGoorty saying he would set aside a guilty verdict because prosecutors had admitted they had no case without Rockola.

After ten minutes of jury deliberation, High Pockets walked out of the courtroom Scott free.

As with a third strike, Swanson declared, "The State is unable to proceed. The evil has been removed. The gambling stopped," effectively ending all prosecution.

This however, was far from the end for Rockola. His newly found notoriety, plus newly found connections led to a much larger circle of influence. Making certain that he didn't appear to be a mobster was very important to his future success. A William Scott Stewart appeal of his contempt was affirmed by the supreme court. However, after being arrested for forfeiting his bond, he was granted another trial, where he was convicted again. Finally on another appeal, the Supreme Court vacated the verdict. In 1932 Rockola asked for and received executive clemency from the State. Proving the value of powerful legal representation.

Eventually, everyone initially indicted in what the State thought would be an open and shut case went free, when Judge Kerner returned to the case again to rule on Beran's appeal and granted a retrial where he was acquitted.

Yes, some blame for the lack of results in this investigation should go to a relatively inexperienced DA's office, but while The Great Slot Machine Scandal was going down in flames, it should be remembered the only way authorities could prosecute Al Capone was via Internal Revenue Service laws. No Racketeering or RICO laws existed and far too frequently criminals went free.

However, another major reason all 28 defendants went free relates to outside influences: organized crime groups from out of state.

During and immediately after the trials in which he refused to incriminate himself, Rockola was applying to numerous business organizations, including the Chicago Association of Commerce. Did he know his seesawing of the justice system afforded

him greater opportunities? Did he pull the handle on a slot machine he had set to pay off?

By 1936, at the former Gulbransen Piano factory on Kedzie Street (which he had purchased in 1931) Rockola would have more than 1,000 people on payroll in his 60,000 square foot factory. In vending machine trade publications that would exalt him in future years, Rockola himself said only 10% of the factory was utilized (during The Depression), making furniture, along with pinball machines, scales and jukeboxes. But what could have been going on with the remaining 54,000 square feet? Sublets to his benefactors?

Several decades after the slot machine trials, speculation would be that Cleveland DJ Alan Freed would coin the phrase Rock and Roll as a paean to Rockola's and Rock-ola's organization, helping to solidify the now industrialist's position in music and the legitimate business world.

Though all through the 40's, 50's and 60's, Chicago manufacturers would be charged and arrested because of jukebox mob warfare, Rockola and Rock-ola would always avoid prosecution. The nickels and dime of teenagers across the country and the poor in the South looking for entertainment were a billion dollar way to make and, perhaps more importantly, launder money.

In 1931, Chief Justice McGoorty said, "It is a matter of common knowledge that for many years there has been a fixed scale of prices for advancement." Was this quote the result of hearing the Rockola trials?

Rockola passed away in 1993 at the age of 98. His jukebox, vending machine and weighing scale compa-

nies have all been dissolved or sold to other companies. However, today, in much of the Latin world, as Xerox is with photocopying or Kleenex with tissue, Rock-ola is still synonymous with jukebox. A fitting testament to his knowing the price of fixing the scales of justice and advancement.

### **About the Author**

John Bollinger is a 23-year veteran of the business side of media, from his own NYC local publication Pierless to Reader's Digest and international publications.

A few years back while trying to find the provenance of a Rock-ola portable bar, he stumbled across the Slot Scandal story, which he hopes will lead to a book.