



FEDERAL BUREAU OF INVESTIGATION

**ALPHONSE CAPONE
(NEWS ARTICLES)**

PART 10 OF 11

SUB A

CAPONE,

Alphonse

Sub A - News Articles
part 1 of 2 parts

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7/10/35

- Mr. Nathan ✓
 - Mr. Tolson
 - Mr. Baughman
 - Chief Clerk
 - Mr. Clegg
 - Mr. Coffey
 - Mr. Edwards
 - Mr. Egan
 - Mr. Foxworth
 - Mr. Harbo
 - Mr. Joseph ✓
 - Mr. Keith
 - Mr. Lester
 - Mr. Quinn
 - Mr. Schilder
 - Mr. Tamm
 - Mr. Tracy
 - Miss Gandy
- [Handwritten signature]* RC

\$120,000 TAX SNIPES CAPONE

WASHINGTON, Oct. 19.—Re-
sentless in its drive against Al
Capone, once mighty overlord of
Chicago's gangland, the Federal
Government today had assessed
him \$120,000 for unpaid beer
taxes.

"Scarface" is now doing time in
Alcatraz Prison, California, for
evading various income taxes dur-
ing the palmy alky and beer-run-
ning days.

The Treasury Department also
began service of identical assess-
ments against 14 Capone bench-
men.

The assessment covers 19,000
barrels of beer at \$6 each, and
comes as an aftermath to the big-
gest raid on the illicit beer busi-
ness in prohibition history.

Though several members of the
band have been slain since the
Capone reign in Chicago, this will
not affect the Government's ac-
tion. Search is being made for
property left by these men against
which Federal liens can be placed.

NEW YORK EVENING JOURNAL
Forwaed of New York Office

OCT 19 1935

69-180-A

CAPONE GANG IN TAX FIGHT

International News Service

Federal action to collect \$120,000 in back liquor revenue taxes from "Scarface Al" Capone and 14 of his associates proceeded another step today when the Treasury formally accepted assessments certified by the unit of taxes and penalties.

Capone, now in Alcatraz prison, California, is being assessed for the nonpayment of taxes on 19,000 barrels of beer at \$6 per barrel.

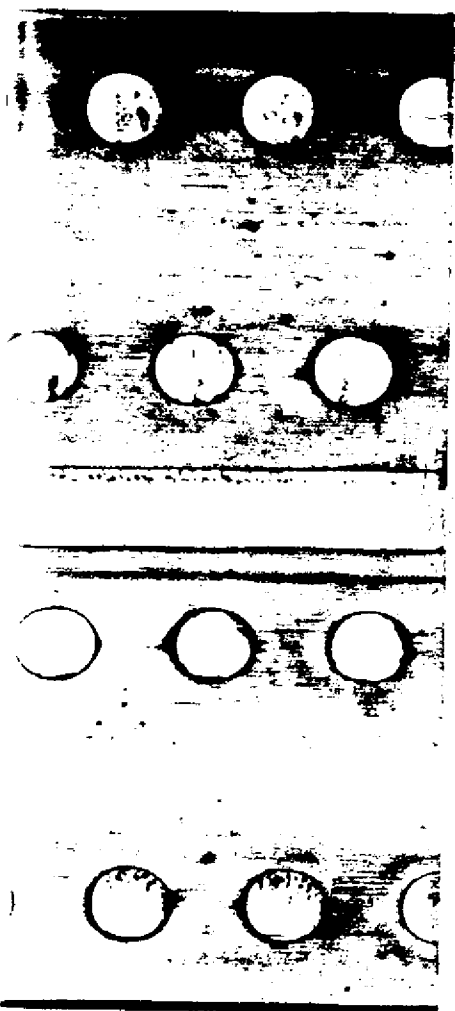
If Capone or his lawyer, Mike O'Hearn, does not pay, the Government will try to collect from the living members of the old Cicero colony.

Among those liable for the taxation are: John J. Nolan, the man with 31 aliases and "bookkeeper" for the outfit; Ralph Capone, Al's brother; August Dodd, Charles Fiehrmeyer, George A. Howlett, Mike Lopristi, Joseph Fusco, Jack Gzik, Hyman Levine, Steve Swoboda, Albert Johnson and Nicholas and Frank Juffra.

- Mr. Tolson
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- Mr. Ladd
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- Miss Gandy

NOV 19 1935

69-180-1



WORLD'S LARGEST BEER RACKET

RAID BY BREWERIES

Capone's Men

Had Thirty-one Aliases.

ALPHONSE, son of the late Al Capone, was today given a \$120,000 tax assessment against the former racketeer and his henchmen.

Alphonse was in the beer racket for ten years. For the first five he shared control of the business with several other well known gangsters, but slowly consolidated his position and finally became the virtual czar of the racket. From behind the steel plated walls of his rooms in a South Side hotel in Chicago or from his mansion at Miami Capone directed an organization that employed hundreds of persons and operated seventeen or more breweries and great fleets of trucks that supplied beer to the entire Middle West.

Night Miles of Beer.

In the manner of legitimate business, his associates had titles such as general manager, financial secretary, etc. Capone and night hand also used many names. One name, John J. Nolan, was said to have had thirty-one aliases. In discussing the present tax assessment Joseph Lawrence, Administrator of the Taxes and Penalties Unit of the Department of Justice, said that the barrels of beer they were assessing, if laid end to end, would make a line over twelve miles long and would "supply a full glass to almost 1,000,000 people."

"These alleged conspirators," Mr. Lawrence said, "had regular titles similar to those held by men in legitimate business. Reports show that Joseph Pucci was the general manager and purchasing agent for the syndicate, Mack Gault was financial secretary, Joseph Lawrence was the treasurer and James W. ... was the ..."

... and then back to World Motor Service again. "Wanted" and "For Rent" signs were also painted on many buildings where the syndicate operated breweries night and day. Government agents also found that the license numbers of cars operated by prohibition officers had been printed and distributed to employees in the beer ring.

AMM

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- Mr. Schilder
- Mr. Tamm
- Mr. ...
- Miss ...

Handwritten signatures and initials, including "Kurt" and "EP".

NEW YORK SUN
Forwarded by New York Office
JUL 19 1935

69-180-A

B-3

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10/15

THE NEW YORK TIMES
Published by the New York Times Co.

OCT 15 1935

69-180-A

8

STILL NO NEW TAX ACTION

Government Shows Details of
Work of Its Assistant Sec-
retary and 14 of Band.

WASHINGTON, Oct. 15.—The Treasury today outlined an income tax assessment of \$350,000 against Al Capone and fourteen confederates. In connection with the action, the Department of Justice revealed details of the investigation on the basis of which it recommended the assessment a month ago.

This investigation showed, according to Joseph Lawrence, Administrator of the Taxes and Penalties Unit of the Department of Justice, that the Capone gang had a prohibition-era beer organization in Chicago which functioned in the manner of big business in the legitimate world.

"It was revealed," Mr. Lawrence said, "that these alleged conspirators had regular offices similar to those held by men in legitimate industry. For instance, reports show Joseph Fusch was the general manager and purchasing agent for the applicants for trucks and beer-making equipment. Jack Cronk was financial secretary and in charge of operations in the absence of Capone. Hyman Levine was the collector for the syndicate. Steve Sorensen was the brewmaster. Frank Jaffra was chief-in-charge of west transportation. Albert Johnson was Chicago beer-truck driver and special conveyer man, and Nicholas Jaffra was organizer and president of the World Motor Service Company, which did practically all of the trucking for the syndicate."

World Will Buy 2,000,000 Glasses.

The report also says that the investigation showed that the syndicate had a large stock of beer-making equipment and that the syndicate had a large stock of beer-making equipment and that the syndicate had a large stock of beer-making equipment.

Capone's Men

It is reported that Capone had a large stock of beer-making equipment and that the syndicate had a large stock of beer-making equipment.

There are indications that several signs painted on buildings in which illicit breweries were being operated at full blast day and night. "It is learned that the syndicate often used as many as four armed convey cars to protect their beer shipments from hi-jackers, as there was no end of double-crossing."

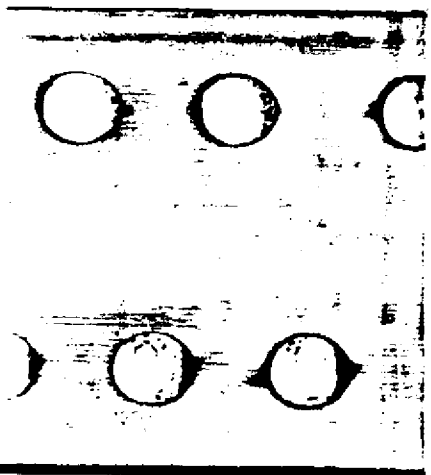
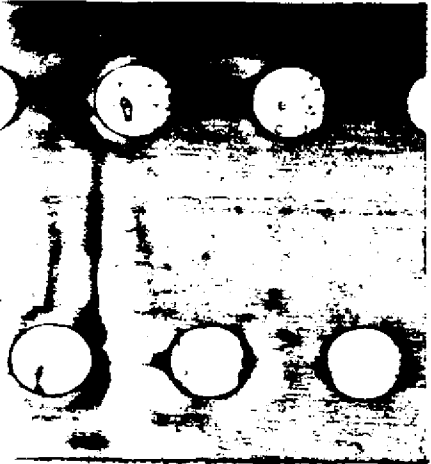
Let the Gang Do the Work.

After one seizure, Mr. Lawrence added, the government received a tip that the gang would return Sunday to cart away the equipment. The government guards, Mr. Lawrence went on, watched until the gang "had all the equipment closely loaded on their truck, at which time another arrest was made for violation of the national code, in removing stolen government property."

Proceeding, Mr. Lawrence said: "The records indicate that Nicholas and Frank Jaffra were pretty much in control of the syndicate in its early days, but later Capone became the real power, aided by Fusch and Delaney. Capone was in the beer racket for about four years and was virtual czar for over two years. He directed the traffic from his headquarters in a Chicago hotel and from his mansion in Miami."

The old records indicate that among the associates of Capone and his henchmen were the following: Harry Sawyer, Maurice, Fallow, Sandy, Dutch, Little, Gray, Elmer and Lou.

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Alcatraz RC

Capone Taxed

\$120,000 Sought for Beer Assessment

WASHINGTON, Oct. 18 (US) — Relentless in its drive against Al Capone, once overlord of gangland, the Federal Government tonight assessed him \$120,000 for unpaid beer taxes.

Capone is now in Alcatraz Prison, for evading various income taxes during the prohibition beer-running days.

The Treasury Department also began service of identical assessments against 14 Capone henchmen. The certification of the penalties was made to Treasury officials a month ago by the Taxes and Penalties Division of the Department of Justice.

NOV 12 1935

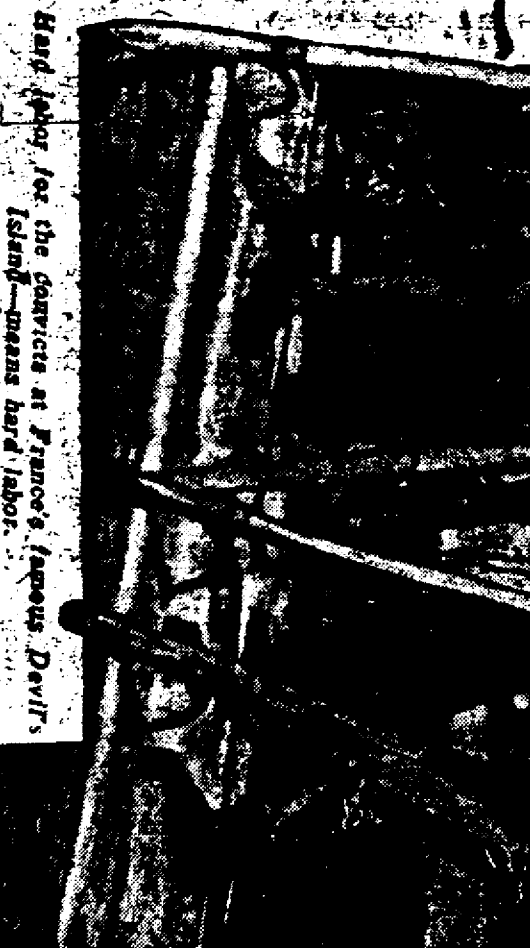
OCT 19 1935

69-180-A

9

The Horror of ST. LÉNAOUE — Uncle Sam's Worst Punishment

...the opportunity
...the same way, another report
...had decided to be a good boy
...through the air, clearing
...along to the port of Abadan.
...Unofficially, there were de-
...sible from members of the
...start of a number of Alsatian
...advised, notably those having
...to do with the rigidity of the
...no talking and no
...angry riles.

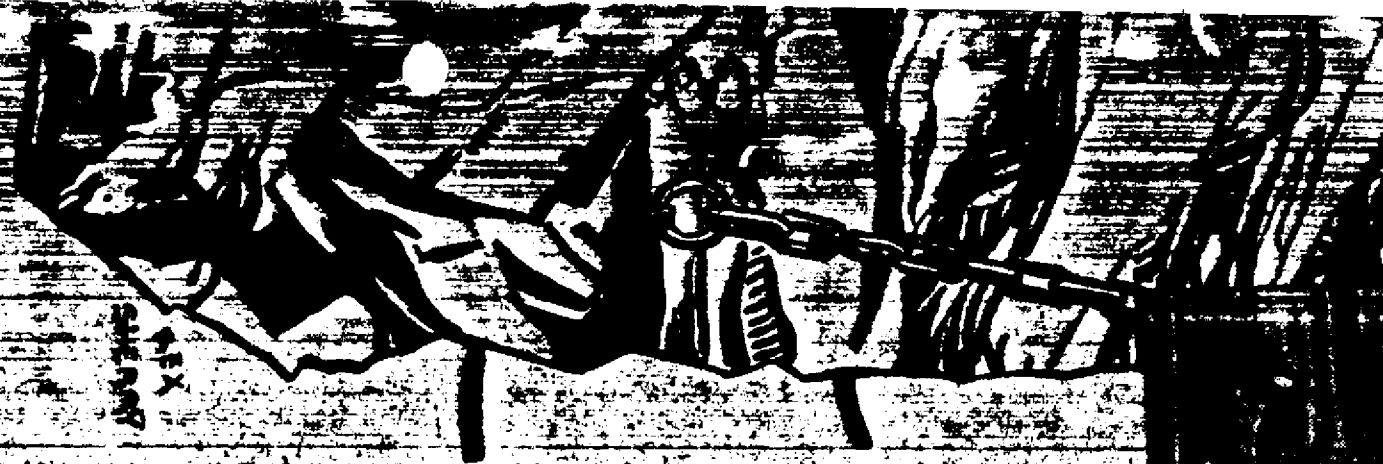


Hard labor for the convicts at France's famous Devil's Island—means hard labor.

...of affairs the story that Opa-
...pity was a trouble-maker
...and had to be disciplined. In
...the same way, another report
...went under that Alphonse
...had decided to be a good boy
...and worked his way up
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(THE CELL WHERE POLITICAL PRISONERS ARE QUARTERED)

(THE CELL WHERE INCORRECTS ARE CONFINED AND EXECUTED)



The legendary punishments and hardships of Devil's Island pale into insignificance when compared with the dreaded "silence" treatment at Alcatraz. (Above) The famous Fresh Penal Colony.

called signals. "They many men for often wound up in 'The Hole' by sustained communication is out. The signal every period of freedom—between one o'clock and three-thirty on Saturday—is a boom, but it's a long time between exercises—foreign equip-dropping upon signals. The place is practically impenetrable from within and without. Pull well may be called the Devil's Island of America. "Beeper" it is to laugh. One might as well try to smite his way out of a metal coffin. It is no more than two miles to land, possibly less. But the tide is pure death.

There is the story, for instance, of Col. G. Maury Cradle, the old-time commandant who learned of a plot for a general break among the soldier-governors. At a given signal, they were to plunge into the sea as gun eggs and take their chances. The Colonel viewed the situation with objective interest. He even pretended to be spending about it when he asked the pilots before him. "Go ahead," said he, encouragingly. "Pick your time when you think the odds are favorable. Practice a while. I won't notify the police in San Francisco." No body tried.

Of course, Alcatraz has modern

wiring now—but it's hardly needed for one thing, there is the renowned "Electric Eye." It is a device that is trained on everyone entering and leaving the island and like that of the fabled basilisk, its eye penetrates everything. The slightest bit of metal on any person—compact, visitor or guard—is revealed by the ringing of a bell.

Byes, firmies, etc. therefore, might as well be left with the rest of the trinkets back on the bureau at home. A screen of barbed wire entanglements extends to the shore. Over the cells and the dining room hang clusters of gas bombs that can be released at the slightest outcry. Is this enough? Frankly, it doesn't seem to be, for the few visitors an inmate is permitted must talk to him through a bullet-proof, porous glass partition.

It is the very hopelessness of their position at Alcatraz that leaves the prisoners so vulnerable in the matter of being held to stern account. Their cells, it is said, are strictly one-man boxes, four feet by eight, and as bare as a slab of marble. No radios at Alcatraz; no pictures, even, or ornaments. Everything is solid steel—a steel bed, steel berth, three steel hooks for clothes. Nothing can be hidden. A man may read until the light cuts out, but only a book from the library; perhaps a letter, never a newspaper. The authorities claim

that newspapers are censored only of their crime stories, but this does not hold with the story that an inmate never so much as leaps a baseball score—unless a guard happens to feel garrulous—and that the happenings of the world without are simply a closed chapter.

As for letters, they claim they never get the originals (a precaution against code). Instead, all incoming letters are re-typed. Visitors are subjected to the heaviest of restrictions, being unable, first, to visit a convict during the opening four months of his incarceration and, second, unable to visit him at all, except on a pass signed by the Attorney-General or the United States!

As intolerable wind almost always blows across the arid face of the island. The wind often causes sand and dust storms, capable of making the exercise yard something of a horror in its own right. It's possible that fog will close in.

Not a pretty picture? Neither was Poe's buried-alive matter in the Case of Amontillado, but, at that, there was always an antidote for Poe. It was strictly nightmare stuff from which the reader could wake to welcome relief. At Alcatraz, they wake only to terrible reality.

One report has it that Mrs. Capone is living on top of Telegraph Hill from which she is nightly trying to signal the ex-temper of flash lights. This world by means of flash lights. This time, the officials are not so reticent. They characterize the story as "preposterous" and, beyond all doubt, their statement is well taken.

THE SACD ALLETT

Torture that Broke Capone:

The machine gun is but one of the modern barriers which make escape from Alcatraz hopeless.



grim, sinister silent the glowering walls of Alcatraz Prison in San Francisco Bay.

the lash than the robot-like life of the almost eternally motionless prisoners in a factory.

The government, contributing to the disquieting air of mystery, won't talk about Alcatraz. Its warden, James A. Johnston, not permitted to Paroles seldom happen and pardons never, so the convict version is not too generally available and, besides, they are said to have an understanding by which they are not to talk about "the boys inside."

to his case, the inmate, was recently taken out and deported as an undesirable alien. The night seemed dazed by his great fortune and, at first, habited almost incoherently. So might one talk who had lived too long without the solace of words.

"Free, free, free," muttered William, as he stood at the rail of his cell.

of recreation each Saturday, there is silence.

Off, there may be a blast from the steamers, or a quiet a gull gives up its eerie, wailing cry. Otherwise—nothing.

As Thomas Hood, the bard, so aptly put it: "like silence, then, in this case, in this case, only in moments of extremity when the human ear can stand no more. The effect may be a sudden shriek, a doltish, airless laugh. The result, a measured tread of feet coming down the corridor.

at the offender's door. Another man—or his caricature—has gone to "The Hole."



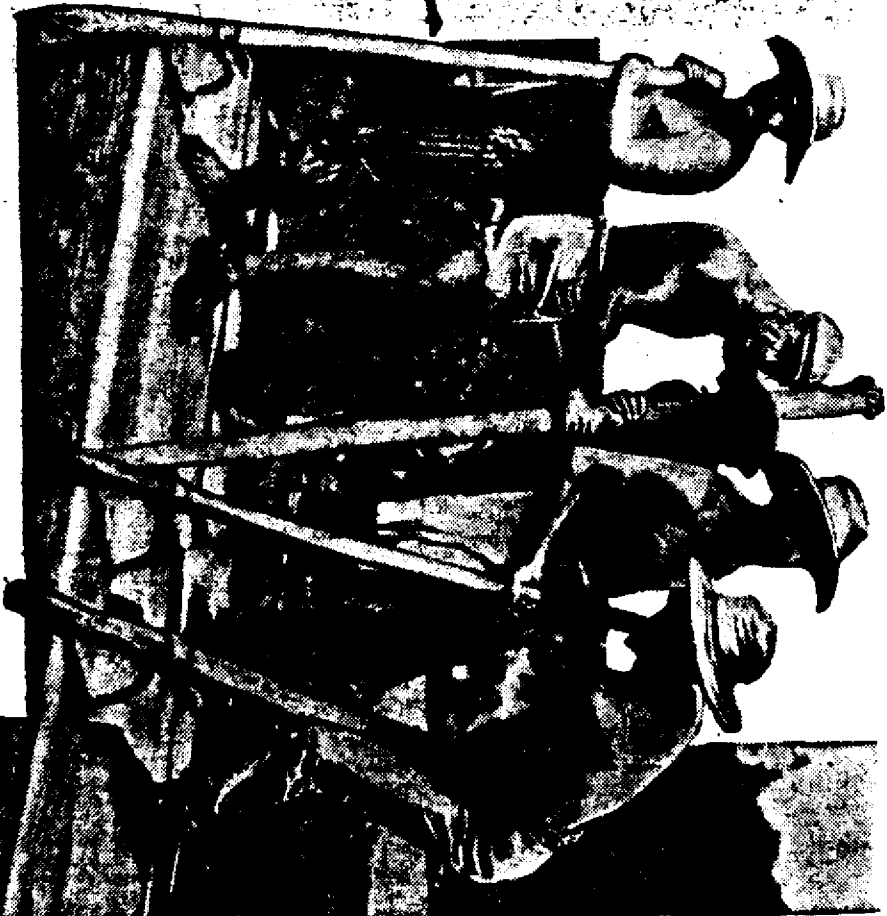
(Continued on page 12)

The Horror of SILENCE— Uncle Sam's Worst Punishment

(Continued from preceding page)
 good is measure and the opportunity
 "prolonged meditation unweakened."
 Capone, they say, has cooled his
 "pragmatic" heels in "The Hold" from
 here to China. He, according to re-
 ports, is "popping up" over the no-
 talking rule. But the story was de-
 nied that he was going "sit-er-asy."
 "It's as sure as you or me," said
 the "type puller in one breath. "If
 they' keep it up out there, they
 won't have a prison. They'll have
 an "imprison" asylum."
 (This article has neither dated

or affirmed the story that Ca-
 pone was a trouble-maker
 and had to be disciplined. In
 the same way, another report
 went unproved that Alphonse
 had decided to be a good boy
 and worked his way up
 through the dry cleaning
 shop to the post of librarian.
 Unofficially, there were do-
 nals from members of the
 staff of a number of Alcatraz
 stories, notably those having
 to do with the rigidity of the
 no talking and eat-or-go-
 hungry rules.
 The usual "grapevine" is
 ineffectual. Various codes

Hard labor for the convicts at France's famous Devil's
 Island—means hard labor.



(SILE ROYAL)
 AILEARY HEAD-
 QUARTERS AND
 CONVICT PRISONS
 AND WORKSHOPS

(DEVILS IS.)
 WHERE POLITICAL
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 QUARTERED

(LE ST. JOSEPH)
 WHERE INCORRIGIBLES
 ARE CONFINED AND
 EXECUTED



The legendary punishments and hardships of Devil's Island pale into insignificance when compared with the dreaded "silence" treatment at Alcatraz. (Above) The famous French Penal Colony.

failed signally. Too many men had often wound up in "The Hole," the sustained communication is out. The single weekly period of recreation—between one o'clock and three-thirty on Saturday—is a boon, but it's a long time between syllables—forever eaves-dropping upon silence.

The place is practically impregnable from within and without. Still well may it be called the Devil's Island of America. Escaped? It is to laugh. One might as well try to gimlet his way out of a metal coffin. It is no more than two miles to land, possibly less. But the tide is sure death.

There is the story, for instance, of Col. G. Maury Cralle, the old-time commandant who learned of a plot for a general break among the soldier-convicts. At a given signal, they were to plunge into the sea, as one man and take their chances.

The Colonel viewed the situation with objective interest. He even professed to be sporting about it when he called the plots ters before him.

"Go ahead," said he, encouragingly. "Pick your time when you think the tides are favorable. Practice a while. I won't notify the police in San Francisco." Nobody tried.

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that newspapers are censored only of their crime stories, but this does not hold with the story that an inmate never so much as learns a baseball score—unless a guard happens to feel garrulous—and that the happenings of the world without are simply a closed chapter.

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REX
SMERRY

9/29/35

Copyright, 1934, King Features Syndicate, Inc.

HERNandez lies, out in the middle of San Francisco Bay, like an ugly bone bleaching in the sun. Alcatraz, too, in the grim net of its release buildings, while as a shroud. Even the name isn't reassuring.

Alcatraz suggests the weird and the unseemly and, indeed, this cannot be wholly an illusion. Mention Alcatraz in any second-class dive below the equator of respectable society and hardened killers, indifferent to death, will instinctively flinch. The name *La de Diable* (Devil's Island) would produce the same effect in a Christian sailor, though for a different reason. There, because of the tropic heat, the body may wither, but the soul is the soul.

It is hard that, as a society not so decadent and paternal Uncle Sam now deals with the real bad men of the criminal jungle, or those who fancy themselves to be bad. He doesn't see the hope or the knout. He need not apply his pressure with justice of the modern Freudian touch and the report (fictitious) among the guests presently occupies an air of finalization.

Al Capone, brooding darkly upon his wrongs in the cell blocks, is a man of trial and error. At the end of the day, he doesn't endure that awful, gut-turning sickness—harsh with excitement together—and so there were times when he cried out against it, in a private prayer.

It was the same with Machine Gun Kelly and his business associate, Alvin Karpis. Likewise the gentleman who thought up the bright idea of passing the guns for the jail at Leavenworth in 1931, and Alvin Karpis.

The G-men got Dillinger and the fellow Gerald Chapman, but, if the kind of Alcatraz is not too distant, they were lucky at that. Bet- in some ways, the scourge and

and gazed out over the Atlantic toward home. "You really free, God, why doesn't this boat sail?"

He was pathetically frightened that it would turn out to be all a mistake; that they'd come and take him back to the twelve acres of sand and rock and glowering walls where words have no place and their lives only a memory.

He remembered that they had walked among their kind. Off there, for instance, the towers of San Francisco and the harbor and dusted and roar. "The miles away, Alcatraz— and what?"

By way of inspecting, approach the open door, and closer than 600 feet, if you can. As a matter of fact, you can't. Guards, eyeing all ways everybody of as though from a colony of lepers.

A sense of something unreal, fantastic. The stillness is that of a vacuum, for here is the Port of Silent Men, 241 of them and not a sound from a single throat.

For days on end, the silence envelops. It is like a hideous incantation that gives back echo for echo and, in time, it can take on a quality so tangible as to give the impression that one can reach out and touch it, and sodden like a horse blanket. Meaningless grunting goes on.

Meaningless grunting goes on. Meaningless grunting goes on. Meaningless grunting goes on. Meaningless grunting goes on.

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Next Page



"Capone, too, has cooled his arrogant heels in the dreaded 'hole' at Alcatraz."

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9/28/35

Mayor Vows New War on Capones

CHICAGO, Sept. 20—(AP)—Mayor Joseph Cerny of Suburban Cicero, through his new police chief, today announced a campaign to drive the rejuvenated Capone gang out of town.

The new chief was Lieut. Frank Machacek, nominated by Mayor Cerny to succeed Theodore L. Svoboda.

Svoboda, claiming support of five out of the seven town board members, denied the mayor's right to oust him, and said he would stay on the job at least until Machacek's appointment goes before the board next Friday.

H

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J

Rod

W

MILWAUKEE SENTINEL
SEPTEMBER 21, 1935

63-1-1

HEALY SCORES RECORD OF LEIBOWITZ

Geoghan's Opponent
Capone's Mouthpiece,
Says Ex-Judge

Former Magistrate Leo Healy linked the names of Sam Leibowitz and Al Capone in a series of addresses delivered to audiences at Democratic rallies throughout the borough last night.

Assailing Leibowitz for aspiring to the Democratic nomination for District Attorney after having served as the attorney and "mouthpiece" for Al Capone, Healy appealed for the election of Prosecutor Geoghan, who "is a foe of the racketeers and our protector and friend."

DATA FROM BOOK.

Healy, bosom friend and at one time the attorney for Leibowitz, flipped into the pages of a book, "Not Guilty," purporting to be the life of Leibowitz, for the information he hurled at Leibowitz.

"He tricked the police for Capone's filthy money," charged Healy. "He was wined and dined by Capone. He entertained Capone at his own home. The book says so.

"And today Leibowitz wishes that book never had been written. Its shocking revelations of his association with the underworld haunt him in this campaign. It was Leibowitz that Al Capone sent for when Capone and his blood vampires invaded New York."

Healy is a friend of Leibowitz. At the time of Leibowitz's indictment on a charge of subornation of perjury, Healy acted as his attorney. The indictment was dismissed.

Quoting from the book, Healy told of the slaying of three members of the White Hand gang in Brooklyn, which caused the police to hunt for Al Capone.

"I am still quoting from the book," declared Healy. "Page 211 says: 'And hardly had the message hit the teletype when Leibowitz received a telephone invitation to attend a dinner the same evening in Brooklyn's restaurant'

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NEW YORK EVENING JOURNAL
110 N. W. ST. N.Y.C.

SEP 12 1935

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69-180-A

San Francisco EXAMINER
September 6, 1935.

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- Mr. Tracy
- Miss Gandy

MUSIC—BY CAPONE

Al Buys Alcatraz Band's Horns

HUNTSVILLE (Texas), Sept. 5.—(AP)—Al Capone has turned philanthropist in Alcatraz Prison, W. D. May, doomed murderer, said tonight as he prepared to meet death in the electric chair.

May, who served 10 months in Alcatraz with Capone, said Capone had purchased \$1,200 worth of band instruments, and presented them to the Alcatraz

Prison orchestra. Capone also offered to pay \$400 for a tennis court for the inmates.

May was electrocuted late tonight for his part in a triple slaying near Fort Worth.

or

69-12

U. S. GIVES CAPONE \$120,000 TAX BILL

By FREDERICK C. OTHMAN.

WASHINGTON (UP).—To the incredible Alphonse (Scarface Al) Capone yesterday went a \$120,000 bill for unpaid taxes on 20,000 barrels of a nauseous fluid which he sold for 50 cents a bottle as beer during prohibition.

The one-time overlord of Chicago rum running, vice and gambling was puttering sullenly in the library of Alcatraz prison, serving an 11-year sentence on previous tax charges, when the Bureau of Internal Revenue discovered the new debt on his back-alley brew.

The Government also charged scores of Capone's brewmasters, finger men and collectors with having a hand in the sale of the 20,000 barrels. These included Al's brother Ralph, Bert Delaney, August Dold, Charles Feuhrmeyer, Joseph Fusco, Jack Guzick, George Howlett, Albert Johnson, Frank Juffra, Nicholas Juffra, Hymen Levine, Michael Lopristi, John J. Nolan and Steve Swaboda. They'll all pay up too—or else.

G-men renewed their search for the untold millions Capone was supposed to have hidden so he could walk from prison some eight years hence, a fat and wealthy citizen and once again wear green silk union suits under his well-tailored broadcloth.

The Treasury will try to collect from the triple-chinned Capone in civil courts. If Federal sleuths can unearth the golden cache they think exists, the Government may be able to mark its bill paid. Otherwise there may be new criminal charges awaiting Capone when he is ferried away from the island prison in San Francisco Bay.

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Mr. Lester	
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Mr. Scheidt	✓
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Mr. Tamm	
Mr. Tracy	
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NEW YORK FROM [unclear]
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1935

U. S. Asks \$120,000 From Al Capone

Gangster and Friends Assessed for Unpaid Taxes on Beer

WASHINGTON, Aug. 30 (AP).—
Al Capone, Chicago beer baron now
serving an 11-year sentence in
Alcatraz Penitentiary for income
tax evasion, today was assessed
almost \$120,000 by the Treasury
for liquor taxes not paid.

The assessment also was levied
against other members of the Chi-
cago syndicate with which Capone
was connected in the prohibition
era.

Capone is charged with the il-
legal manufacture, distribution and
sale of beer.

The Treasury will take steps im-
mediately to collect the assessment
in a civil court proceeding.

The Justice Department said:

"This will no doubt mean a
renewed search for the funds
and other assets still believed
to have been secreted by Capone
during the long years of his un-
lawful operations."

The charges against the Capone
syndicate involve 19,984½ barrels
of beer seized between 1921 and
1932. The ~~tax~~ was assessed at
\$6 a barrel.

H M

NEW YORK AMERICAN
Forwarded by New York Office

AUG 31 1934

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\$120,000 TAX LEVIED ON CAPONE AND GANG

Government Files Charge on 20,000 Barrels of Seized Beer Against Old Chicago Syndicate

WILL HUNT FUND CACHES

Treasury Will Act in Civil Suit — Bootleg Chief Has No Property Left, Says Lawyer.

Special to THE NEW YORK TIMES.
 WASHINGTON, Aug. 30.—The government will attempt to collect about \$120,000 in beer taxes from Al Capone, former Chicago underworld king, and fourteen members of the bootleg syndicate which he directed until jailed for income tax evasion in 1933, the Department of Justice announced today.

After assembling voluminous evidence the department believes it can prove that the Capone syndicate manufactured and sold 19,984½ half-barrels of "high-powered beer" in prohibition days. Admitting that this is only a small fraction of the syndicate's actual output, the department, nevertheless, has asked the Treasury to start action for collection of liquor taxes on the beer, which has been traced to the Capone gang.

Joseph Lawrence, administrator for the Attorney General in charge of taxes and penalties, today certified to Commissioner of Internal Revenue Helvering the foot-high stack of evidence purporting to show that Capone's syndicate manufactured the 19,984½ half-barrels of beer.

Experts of the Liquor Tax Division announced that the case had not been turned over to them yet, but explained that the usual procedure is to assess the tax due against each member of the syndicate, collecting it where they can.

Tax Is Put at \$6 a Barrel.

The tax on 19,984½ half-barrels of

ADVERTISING

\$120,000 TAX LEVIED ON CAPONE AND GANG

Continued From Page One.

who is now serving his sentence on the income tax conviction in Alcatraz Island, will be started by the Treasury Department in an effort to collect the \$119,907 in beer taxes, according to the Justice Department.

The fourteen others named with Capone, many of them prominent in the Chicago underworld of prohibition days, are:

Ralph Capone, brother of the gang leader; Jack Gusik, Bert Delaney, August Doid, Charles Fushmeyer, James Fusco, George Howlett, Albert Johnson, Frank Juffra, Nicholas Juffra, Hyman Levine, Mike Lopristi, John J. Nolan and Steve Swoboda.

Doubt Over Capone's Finances.

Special to THE NEW YORK TIMES.

CHICAGO, Aug. 30.—Two conflicting views were presented here today concerning the government's chances of collecting the tax assessment against Al Capone and his old syndicate. Government officials hinted at the chance that large sums had been secreted by the gang leaders and that these could be realized to cover the judgment.

It was considered likely that a majority of Capone's tangible assets in the form of real estate was

already under lien to cover his income tax deficiency. His income tax liability was compromised at \$157,416 last May. Capone's attorney, Michael Ahern, appealed from original claims of \$22,842 and the stipulation was the result. Mr. Ahern said that there had been no negotiations toward settling.

Mr. Ahern said he doubted that any appreciable sum of money had been cached by Capone. He also said that he knew of no property held by the gang leader which had not already been confiscated by the government.

Captain William F. Waugh, attorney representing the syndicate during the liquor indictment troubles, also expressed doubt that Capone still held property from which the new assessment might be realized.

The new tax represents a levy on beer seized in raids during the years 1921 to 1932. Information gained by the raids was incorporated in an indictment naming Capone, Bert Delaney and some thirty-five others, and charging conspiracy to manufacture and sell illicit brew. After being amended several times the indictment was dissolved after the repeal of the Eighteenth Amendment.

One angle of the case by which the new assessment can be used as a threat over the gang leaders is the fact that the judgment will be in effect for six years from yesterday. Capone went to prison May 6, 1932, and if released for good behavior in seven and a half years will have to turn all earnings for two years over to the government.

THE NEW YORK TIMES
 Forwarded by Express

AUG 31 1935

is now serving the income tax in the Treasury Department to collect the same, according to the report.

The fourteen other names, many of whom are in the Chicago underworld, are: Ralph Capone, gang leader; Jack Conroy, August Doid, Harry Meyer, James Fusco, Albi, Albert Johnson, Nicholas J. J. Mike Loprietti, John Steve Swoboda.

Doubt Over Capone
Special to The New York Times
CHICAGO, Aug. 12.—Conflicting views were expressed today concerning the chances of collecting the tax against Al Capone's syndicate. Government officials pointed at the chances had been secured against the leaders and that the tax would be collected to cover the loss.

It was considered a majority of Capone's assets in the form of

will not be paid until the government has collected the tax on the liquor. The government will attempt to collect the tax on the liquor from the Chicago underworld, and the government will be the party to collect the tax on the liquor. The government will be the party to collect the tax on the liquor.

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Experts of the Liquor Tax Division announced that the case had not been turned over to them yet, but explained that the usual procedure is to assess the tax due against each member of the syndicate, collecting it where they can.

Tax Is Put at \$6 a Barrel.
The tax on 12,000 half-barrels of beer at \$6 a barrel amounts to \$119,000. If this sum were assessed against Capone and each of his associates who are named, the assessment would total \$1,798,000. The government will proceed against each of the fifteen persons named, and a total of \$1,798,000 has been assessed against them. The rest of the tax will be collected from the other members of the syndicate.

The government will be the party to collect the tax on the liquor. The government will be the party to collect the tax on the liquor. The government will be the party to collect the tax on the liquor.

The government will be the party to collect the tax on the liquor. The government will be the party to collect the tax on the liquor. The government will be the party to collect the tax on the liquor.

Continued on Page Six.

Capone and 14 Get \$120,000 Liquor Tax Bill

U. S. Will Seek to Collect
on 19,984½ Gallons
Seized in Chicago Raids

Many Others Assessed

\$228,747 Is Sought From
Gordon and Associates

By The Associated Press

WASHINGTON, Aug. 30.—Al Capone, Chicago's scar-faced beer baron, and fourteen of his gangster cronies today were billed for \$120,000 in unpaid tax assessments on illegal liquor.

The assessment was another step in the Justice Department's fund-collecting drive against men charged with reaping large profits in the days before repeal. Others assessed previously included Irving (Waxy Gordon) Wexler, Max Hessler and Morris Greenberg, and Heine Wainer, of Wisconsin, who is reputed to have battled Capone's "muscling in" along the North Shore and in the Wisconsin resort district.

The assessment today against Capone—now in Alcatraz prison in California—and other alleged members of his Chicago-Cicero, Ill., syndicate, was sent to the Treasury for collection by Joseph Lawrence, administrator of the Justice Department's unit of taxes and penalties.

Assessments \$5,000,000

Lawrence's unit, which has assessed about \$5,000,000 in taxes on illegal liquor in the last year, devotes a major portion of its time to unsettled accounts of prohibition violators.

Al Capone's lawyer, Michael J. Ahearn, said in Chicago that Capone, now serving a sentence for income tax evasion, was "supposed to be broke." But Lawrence retorted that the government is free to collect the entire tax from any one of the syndicate who has money. Tax authorities have the right to seize the property of those who refuse to pay.

Wexler, Hessler and Greenberg, leaders of a New York-New Jersey syndicate, were assessed \$228,947 on 129,970 proof-gallons of illegal alcohol about two months ago, Lawrence said.

Tax of \$6 a Barrel Sought

The Capone assessment was based on 19,984½ barrels of liquor known to have been handled by the gang between 1921 and 1932. All the barrels counted were reported in raids or seizures during the prohibition era, Lawrence said. The tax was assessed at \$6 a barrel.

Lawrence's men still have 60,000 prohibition cases remaining to be studied. Nearly 1,000,000 such cases have passed through the Justice Department unit since prohibition started.

Those named with Capone include his brother, Ralph Capone; Bert Delaney, August Dodd, Charles Fuehrmeyer, Joseph Fusco, Jack Gusk, George A. Hewlett, Albert Johnson, Frank Juffra, Nicholas Juffra, Hyman Levine, Mike Lopristi, John J. Nolan and Steve Swoboda.

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- Mr. Tracy
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TAX CAPONE

\$120,000

WASHINGTON, Aug. 30—(AP)—Al Capone, Chicago beer baron now serving an 11 year sentence in Alcatraz penitentiary for income tax evasion, today was assessed \$120,000—for liquor taxes not paid.

The assessment, ordered by the treasury, also was levied against other members of the Chicago syndicate with which Capone was connected during the prohibition era.

Capone is charged with the illegal manufacture, distribution and sale of some 20,000 barrels of beer.

The justice department said:

"This will no doubt mean a renewed search for the funds and other assets still believed to have been secreted by Capone during the long years of his unlawful operations."

WISCONSIN NEWS
AUGUST 30, 1935

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SS

NEW YORK EVENING

Forwarded by New York Office

U. S. Levies \$120,000
Tax Against Capone

WASHINGTON, Aug. 30 (By International News Service).—Assessments of \$120,000 were levied against Al Capone today by the taxes and penalties unit of the Justice Department. Assessment was made on charges that "Scarface Al" had manufactured, distributed, and sold some 20,000 barrels of "illegal and high-powered spirits."

AUG 30 1935

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Mr. Lester	
Mr. Quinn	✓
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

U.S. DUNS CAPONE FOR \$120,000 TAX

**Will Renew Hunt for Hidden
Assets of Beer Baron Now
in Alcatraz**

WASHINGTON, Aug. 30 (AP).—Al Capone, Chicago beer baron now serving an eleven-year sentence in Alcatraz Penitentiary for income tax evasion, today was assessed almost \$120,000 for liquor taxes not paid.

The assessment, ordered by the Treasury, also was levied against other members of the Chicago syndicate with which Capone was connected during the prohibition era.

Capone is charged with the illegal manufacture, distribution and sale of some 20,000 barrels of beer. The Treasury will take steps immediately to collect the assessment in a civil court proceeding.

The Justice Department, in announcing this move, said:

"This will no doubt mean a renewed search for the funds and other assets still believed to have been secreted by Capone during the long years of his unlawful operations."

NEW YORK POST
Published by New York Post Co.

AUG 30 1935

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- Mr. Quinn
- Mr. S. J.
- Mr. Scudder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

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NEW \$120,000 TAX LEVIED ON CAPONE

Others of Chicago Clique Assessed by Treasury.

WASHINGTON, Aug. 30 (A. P.). —Al Capone, Chicago beer baron, now serving an eleven-year sentence in Alcatraz Penitentiary for income tax evasion, was assessed almost \$120,000 today for liquor taxes not paid.

The assessment, ordered by the Treasury, also was levied against other members of the Chicago syndicate with which Capone was connected during the prohibition era.

Capone is charged with the illegal manufacture, distribution and sale of some 20,000 barrels of beer.

The Treasury will take steps immediately to collect the assessment in a civil court proceeding.

The Department of Justice in announcing this move said:

"This will no doubt mean a renewed search for the funds and other assets still believed to have been secreted by Capone during the long years of his unlawful operations."

The Justice Department said the assessment has been certified to the Commissioner of Internal Revenue by Joseph Lawrence, administrator for the attorney-general in charge of the taxes and penalties unit of the Department of Justice.

NEW YORK SUN
Forwarded by New York Office

AUG 30 1935

CAPONE FACES TAX SUIT

International News Service
Assessments of \$120,000 were levied against Al Capone today by the taxes and penalties unit of the Justice Department. Assessment was made on charges that "Scar-



Al Capone

face Al" had manufactured, distributed, and sold some 20,000 barrels of "illegal and high-powered spirits." Capone, now a Federal prisoner in Alcatraz fortress, was included in a list of the alleged members of the Chicago syndicate ruled by him.

In making the announcement the Justice Department said it would endeavor to collect this amount "due in this civil proceedings." This, no doubt, will mean a renewed search for the funds and other assets believed to have been secreted by Capone during the long years of his unlawful operations.

- Mr. Tolson
- Mr. Baughman
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- Mr. Clegg
- Mr. Coffey
- Mr. Edwards
- Mr. Egan
- Mr. Foxworth
- Mr. Harbo
- Mr. Joseph
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Schildt
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

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WASH FIELD

AUG 30 1935

69-150-2

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Mr. Keith
Mr. Lester
Mr. Quinn
Mr. Scheidt
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

G-MEN HUNTING HIDDEN FORTUNE OF AL CAPONE

U.S. Charges Gangster Failed To Pay Tax on 20,000 Barrels of Beer

By The United Press
WASHINGTON, Aug. 30—The Government set out today to find and seize some of the fabulous fortune Al Capone was reputed to have hidden away before he was shuffled off to Alcatraz Prison to serve 11 years.

The scar-faced gangster who ruled a rich underworld domain in prohibition days but who escaped all severe penalties of the law until he was convicted of evading income tax payments was assessed \$120,000 today by the Commissioner of Internal Revenue.

The Commissioner ruled that Capone, back in the days when his gangsters' guns protected a monopoly on bootleg beer sales in Chicago, had failed to pay taxes to the Government on 20,000 barrels of beer.

The fact that it was illegal beer, given a high-powered kick by doubtful methods, apparently didn't interfere with the necessity of paying taxes.

U. S. to Fight

Although Capone is in a desolate prison in San Francisco Bay, the Government intends to go into court to try to collect the \$120,000 by civil suit.

The one-time gang leader's income presumably has been cut off since his conviction, but the Government indicated belief that the money might be available if it wins the civil action.

Capone's organization, despite the loss of his iron hand, supposedly continued to function after his incarceration.

There have been frequent reports that the beer czar provided for himself during the days when both money and lives of beer runners were cheap.

As a result, the Department of Justice will renew a search for funds which Capone is believed to have hidden away before he gave himself up for trial—expecting at least a light sentence if not freedom instead of the 11 years to which he was sentenced.

Serves Three Years

The government's action today

POST OFFICE BOX 1525
PITTSBURGH, PA.

31

AL CAPONE

U.S. Charges Gangster To Pay Tax on 20,000 Barrels of Beer

The United Press

WASHINGTON, Aug. 28—The Government set out today to find and seize some of the fabulous fortune Al Capone was reputed to have hidden away before he was shuffled off to Alcatraz Prison to serve 11 years.

The sour-faced gangster who ruled a rich underworld domain in prohibition days but who escaped all severe penalties of the law until he was convicted of evading income tax payments was assessed \$120,000 today by the Commissioner of Internal Revenue.

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As a result, the Department of Justice will renew a search for funds which Capone is believed to have hidden away before he gave himself up for trial—expecting at least a light sentence if not freedom instead of the 11 years to which he was sentenced.

Serves Three Years

The government's action today placed the first actual penalty on Capone for his alleged illegal liquor profit. Capone has served three years, three months and 26 days of the sentence for evading taxes on his gambling income.

He was sentenced in Chicago, Oct. 17, 1931. He began his sentence in Atlanta, May 4, 1932, and was transferred to Alcatraz Sept. 22, 1934.

Included in the illegal liquor tax assessment were numerous unnamed members of a well organized Chicago crime syndicate which Capone was alleged to have directed during the prohibition era.

Mr. Schilder
Mr. Famm
Mr. Tracy
Miss Gandy
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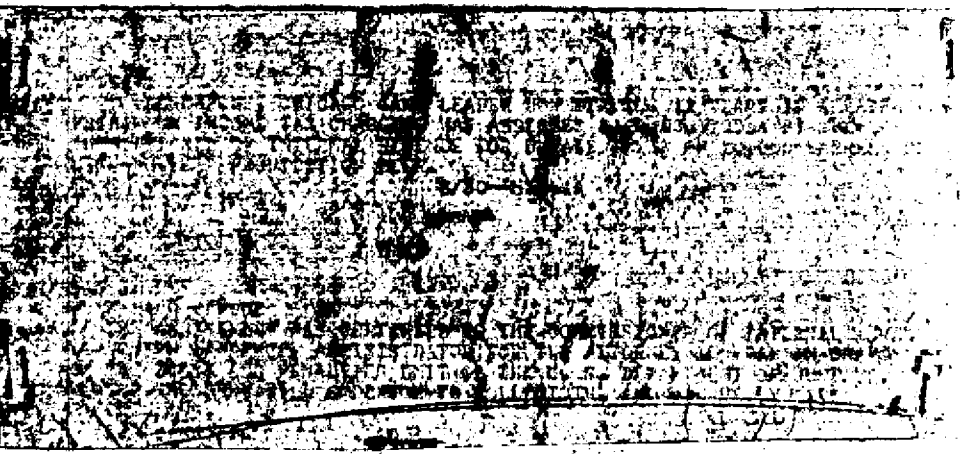
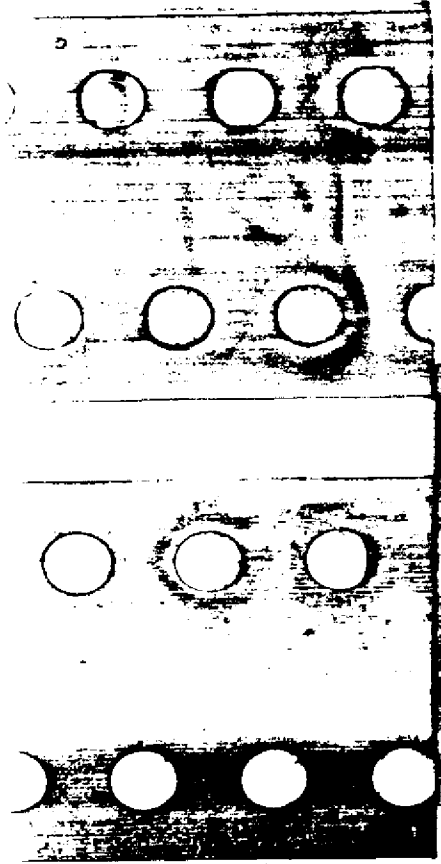
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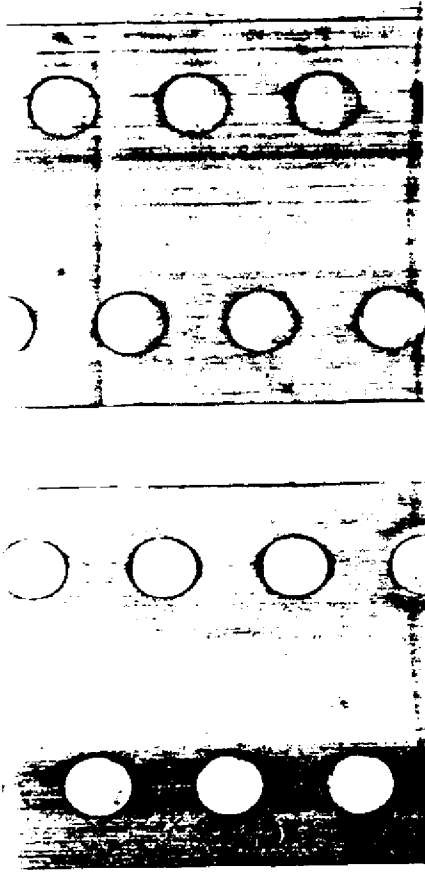
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69-180-A



Fair Enough

Westbrook Pegler

Mr. Capone's Raw Deal

A RECENT alumnus of Alcatraz Island, that bleak and often forgotten prison where Al Capone abides, brings news to the outside world that this noted American is ill at ease under close restraint, his soul nibbled by repentance and his sense of fairness outraged. Mr. Capone is serving 11 years for neglect to yield the Government's judicial share of the spoils of loot.

To be quite honest about it all, Mr. Capone is indeed the victim of a raw, though temporary, deal. In the first place, 11 years is too harsh a sentence for so common and amiable a fault as the one of which he was convicted. If the same sense of justice were imposed on all offenders against the existing and highly complicated schedules and statutes which apply to affairs as prosperous and involved as his were the late leader of the prohibition revolt would have for company in his exile many of his former clients. The fact that he has not the spirit of compromise which has marked the adjustment of similar oversights on the part of citizens in the respectable brackets suggests that in Capone's case the United States Government, unable to convict him of his major errors, determined to get him anyway. In fact, there is no doubt about that.

THE country owes Capone a debt of gratitude for his efficient opposition to the rule of Scott McBride and Bishop Cannon, but because he had found it necessary to use firm methods there was also a great popular impatience. He had become rich, and with wealth came arrogance, and it seriously annoyed honest tellers, including editorial writers, to observe their partner in crimes against the eighteenth amendment and the gambling laws so comfortably fixed. He was guilty of many incidental fractures of the peace, including, according to the gossip of his day, some routine homicides which removed unimportant and very undesirable citizens.

But he was tried at last on the charge of evading his income tax, and the prosecution was conducted in the waning days of a national Administration which was in a sullen mood toward him. Mr. Hoover's reign had elected to stand or fall on the issue of prohibition, and Capone had contributed much to the final repudiation of the eighteenth amendment and Hoover. Mr. Hoover's Administration saw this repudiation coming and took it all out on Capone, even though it was necessary to put the United States Government in the position of silent partner in all his vices.

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- Mr. Tolson
- Mr. Boardman
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- Mr. Foxworth
- Mr. Harbo
- Mr. Joseph
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Schilder
- Mr. Skidde
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

WASH. POST

AUG 21 1935

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Mr. Tolson	✓
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Chief Clerk	✓
Mr. Clegg	✓
Mr. Coffey	✓
Mr. Edwards	✓
Mr. Egan	✓
Mr. Foxworth	✓
Mr. Harbo	✓
Mr. Joseph	✓
Mr. Keith	✓
Mr. Lester	✓
Mr. Quinn	✓
Mr. Schilder	✓
Mr. Tamm	✓
Mr. Tracy	✓
Miss Gandy	✓

Conviction Of Al Capone Was Really A Confession

Fogler Opines That Government Should Be Ashamed Of Itself To Pick Out Such A 'Common' Error On Which To Send Public Enemy To Alcatraz

By Westbrook Fogler

Without shame of Alcatraz Island, that bleak and often fog-bound retreat where Al Capone resides, bring word to the outside world that this noted American is in of late under close restraint, his soul shibbled by repentment and his sense of fairness outraged. Mr. Capone is serving 11 years for neglect to file the 1929 Government's required statement of the wages of his business.

The Government has not done it all, Mr. Capone is indeed the victim of a law, though superficial and dead.

In the first place, 11 years is too harsh a sentence for an error which he committed and which he was convicted of in the same fierce justice were imposed on all offenders against the intricate and highly complicated schedules and sections which apply to affairs as prosperous and involved as his were the late leader of the prohibition world would have his company in his circle many of his former clients. The fact that he has not the spirit of compromise which has marked the adjustment of similar overrights on the part of citizens in the respectable brackets suggest that in Capone's case the United States Government, unable to convict him of his major crime, determined to get him anyway. In fact, there is no doubt about that.

The country owed Capone a debt of gratitude for his efficient



opposition to the sale of "Sport" McChesney and Ralph Cannon, but because he had found it necessary to use their methods, there was also a great popular impatience. He had become rich, and with wealth came arrogance, and it seriously annoyed honest toilers, including editorial writers, to observe their partner in crime against the 18th amendment and the gambling laws so comfortably fixed. He was guilty of many incidental fractures of the peace, including, according to the gossip of his day, some routine homicides which removed unimportant and very undesirable citizens.

PROBABLE CIRCUMSTANCES ALTER FROM CRIMINAL CAREER

But he was tried at last on the charges of evading his income tax, and the prosecution was conducted in the waning days of a national Administration which was in a sullen mood toward him. Mr. Hoover's reign had elected to stand or fall on the issue of prohibition, and Capone had contributed much to the final repudiation of the 18th amendment and Hoover. Mr. Hoover's Administration saw this repudiation coming and took it all out on Capone, even though it was necessary to put the United States Government in the position of silent partner in all his vice.

If he had been convicted of bootlegging, murder or extortion and the judge had given the week at least, he would have been on each count of the indictment he would have had no legitimate complaint and the Government would have had a man whose respectable status in the case.

It is concluded that his particular method of violating the income tax law was so defiant as to call for extreme punishment. On the contrary, Capone's violation was covered by extenuating circumstances. He didn't report his income at all. Ordinarily this is a serious offense which should be rebuked more rigorously than mere technical violations of the kind which noted financiers resort to. But had Capone reported his income he would have had to incriminate himself in the returns, giving full details as to the source of every dollar.

VICTORY OVER CAPONE IS A 'CONFESSIO'

The law generally holds that a man may not be compelled to testify against himself, but the income tax is a great gossip with an inescapable certainty, and the records are available as evidence against the subject should he pay his honest dues. It is poor sportsmanship to accept a share of a criminal's earnings and then send him to prison in return for his honest citizenship. And the Government which sent Capone to prison for refusing to give up to the same which recently sent to prison a kidnaper's attorney for accepting a share of the ransom money for his fee.

Personal sympathy with Mr. Capone your correspondent has none, deeming it a great confession that he is now removed, but a matter of regret that of all the crimes which could have been laid against him the whole United States was unable to prove so much as a drunk and disorderly charge. This except, of course, the year which he spent in a Pennsylvania jail house for carrying a pistol, which is commonly understood to have been a cooling-out period at a time when he was "hot."

Like the gold clause decision, the victory over Al Capone is more a confession than a boast.

ed by H. J. Cronin

35

The Washington News
August 14, 1935.

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Boardman	
Chief Clerk	
Mr. Clegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	✓
Mr. Joseph	✓
Mr. Keith	✓
Mr. Lester	✓
Mr. Quinn	
Mr. Scheidt	
Mr. Schilder	✓
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

V. Ruy
W. H. S.

Convict Says 'Silly Rules' At Alcatraz Irk Al Capone

Copyright, 1935, by United Press

SAN FRANCISCO—A sordid version of life in Alcatraz Island prison in San Francisco Bay was told yesterday by William Henry Ambrose, former narcotics dealer who was removed for deportation to England.

Ambrose told a story of a prison of almost continual silence, where even hard characters like Al Capone, one-time Chicago vice lord, are "burning up over the rules and regulations."

He revealed that Capone, first of America's "No. 1 Public Enemies," has been promoted to prison librarian.

"Capone has been thrown in the hole three or four times for talking," Ambrose said. "Not a word can be spoken by the convicts in line, at the table, at work or in their cells. We got to talk once a week—on Saturday afternoon, from 1 to 3:30, when we

were allowed out in the yard."

"The guards try kindergarten stuff on prisoners who are supposed to be the worst in America. Silly rules like this:

"If you leave bits of food on your place, you lose one meal. So if you take a frankfurter and leave the skins because they're too tough, you lose one meal the next day.

"No radios, not a single newspaper. You can buy magazines, but they come to you with pages and articles torn out. Your letters come to you censored and retyped. Out of a three-page letter you may get six or seven lines.

"It's the silly, aggravating things—such as grabbing the safety razor back from you just as soon as you've finished shaving in cold water—that gets on your nerves."

EAT
CO

67-11

- Mr. Nathan
- Mr. Tolson
- Mr. Banghman
- Chief Clerk
- Mr. Clegg
- Mr. Coffey
- Mr. Edwards
- Mr. Egan
- Mr. Foxworth
- Mr. Harbo
- Mr. Joseph
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Scheidt
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

TORRIO ACCUSED IN 1ST A.D. AGAIN

**Mahoney Spokesmen Repeat
Charge Old Capone Ally Is
Seeking Power.**

Spokesmen for David A. Mahoney, Alderman and Tammany leader of the First Assembly District, eastern half, repeated today charges made in an organization meeting last night that Johnny Torrio, old-time New York and Chicago racketeer and associate of Al Capone, is interesting himself in the leadership fight on behalf of the

forces led by Albert Marinelli, County Clerk and leader of the Second Assembly District.

Torrio and Marinelli, it was alleged by Lewis F. X. Santangelo, have formed an alliance to extend Marinelli's sway farther down on the east side.

"Torrio," said Mr. Santangelo, "ordered Marinelli to put a certain man on the ticket in his own district if he knew what was good for him."

Mr. Santangelo is a candidate for Alderman.

Several days ago Mr. Santangelo's brother, Robert V. Santangelo, Assistant District Attorney, warned the Marinelli forces in a speech to withdraw their ticket in the First District by August 16—last day for declining nominations—or take the consequences. He did not specify the consequences. Last night, Alderman Mahoney, addressing a rally at the Downtown Club, 59 Madison

St., put the warning into more concrete form.

"The men opposing me are led by hoodlums," he said, "and before long the Dewey investigation may be digging into something besides vice."

Morris J. Solomon, Assembly candidate, attacked Clerk Marinelli for attempting to dictate to districts other than his own.

NEW YORK

Forwarded by New York Office

AUG 14 1935

Mr. Nathan	.....
Mr. Tolson	.....
Mr. Baughman	.....
Chief Clerk	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Edwards	.....
Mr. Egan	.....
Mr. Foxworth	.....
Mr. Harbo	.....
Mr. Joseph	.....
Mr. Keith	.....
Mr. Lester	.....
Mr. Quinn	.....
Mr. Scheidt	.....
Mr. Schilder	.....
Mr. Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

**POLITICIANS ACCUSED
OF USING GANGSTERS**

**Former Capone Men Alleged to
Be Active in First A. D.
Leadership Fight.**

Charges that former Capone gangsters were invading the eastern part of the First Assembly District in an attempt to wrest the leadership of the area from David Mahoney, present Democratic leader, and place it in the hands of Alfred Marinelli, Democratic leader of the Second Assembly District, were made last night at a rally at the Downtown Club, 50 Madison Street.

The meeting, attended by more than 1,500, was addressed by Lewis F. X. Santangelo and Morris J. Solomon, Aldermanic and Assembly candidates, respectively, from the district, and Mr. Mahoney, president of the club.

Mr. Santangelo contended that "Capone gangsters, led by John Torrio, who brought Capone to Chicago," had allied themselves with Mr. Marinelli in the fight over the leadership of the district. He asserted that Torrio had ordered Mr. Marinelli to "put a certain man on the ticket in his own district if you know what's good for you."

Mr. Mahoney declared he would oppose any attempt by Mr. Marinelli to assume control of his district. He said that "the men opposing me are led by hoodlums and before long the Dewey investigation may be digging into something besides vice."

The contention that Mr. Marinelli was "dictating policies outside of his own district" was made by Mr. Solomon. The clubhouse was filled to capacity and many heard the addresses through loud-speakers in the street.

THE NEW YORK TIMES
Forwarded by New York Office

AUG 14 1935

67-111-14

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K

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Baughman	
Chief Clerk	
Mr. Clegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	
Mr. Joseph	
Mr. Keith	
Mr. Lester	
Mr. Quinn	✓
Mr. Scheidt	
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

SS

Convict Says 'Silly Rules' At Alcatraz Irk Al Capone

Copyright, 1935, by United Press

SAN FRANCISCO—A sordid version of life in Alcatraz Island prison in San Francisco Bay was told yesterday by William Henry Ambrose, former narcotics dealer who was removed for deportation to England.

Ambrose told a story of a prison of almost continual silence, where even hard characters like Al Capone, one-time Chicago vice lord, are "burning up over the rules and regulations."

He revealed that Capone, first of America's "No. 1 Public Enemies," has been promoted to prison librarian.

"Capone has been thrown in the hole three or four times for talking," Ambrose said. "Not a word can be spoken by the convicts in line, at the table, at work or in their cells. We got to talk once a week—on Saturday afternoon, from 1 to 3:30, when we

were allowed out in the yard."

"The guards try kindergarten stuff on prisoners who are supposed to be the worst in America. Silly rules like this:

"If you leave bits of food on your place, you lose one meal. So if you take a frankfurter and leave the skins because they're too tough, you lose one meal the next day.

"No radios, not a single newspaper. You can buy magazines, but they come to you with pages and articles torn out. Your letters come to you censored and retyped. Out of a three-page letter you may get six or seven lines.

"It's the silly, aggravating things—such as grabbing the safety razor back from you just as soon as you've finished shaving in cold water—that gets on your nerves."

69-1-1-1

\$120,000 TAXES LEVIED AGAINST CAPONE'S GANG

Government Seeks to Collect on Pre-Repeal Chicago Beer; 14 Henchmen on U. S. Lists

The first Federal move to collect revenue taxes on the huge stream of illicit beer which flowed through Chicago in the heyday of "Scarface" Al Capone came today with an assessment of \$120,000 against the Capone gang.

Certification of the assessment against Capone, who is now serving an 11-year term in Alcatraz Prison, and 14 members of his band, was made by Joseph Lawrence, administrator for the Attorney General in charge of taxes and penalties.

That this will be followed by additional assessments until the Government is satisfied it has collected on every drop of Capone beer was indicated by Lawrence. He said:

STILL STUDY EVIDENCE

"We are still studying additional evidence. The assessment is being made against 19,984 1/2 barrels of beer which, we have established, was handled by the Capone gang."

If each of the 15 members of the gang pays his proportionate share of the \$120,000, which is at the rate of \$6 per barrel, he will pay \$8,571.43. Lawrence added:

"Of course, not every one of these men may now be in a position to pay. If each cannot meet his share, the one who has the largest assets must bear the brunt of the penalty."

FILE ON PALACE

Search of the Treasury Department for funds and other assets has been carried on since Capone's conviction. Though the Government has filed a tax lien against the Florida winter home of Capone, so far as can be learned, few other assets have been found.

The others assessed with Capone are the gang leader's brother, Ralph; Bert Delaney, August Dold, Charles Fuehrmeyer, Joseph Fusco, Jack Guzik, George A. Howlett, Albert Johnson, Frank and Nicholas Juffra, Herman Levine, Mike Soprani, John J. Nolan, and Steve Swoboda.

- Mr. Nathan
- Mr. Tolson
- Mr. Baughman
- Chief Clerk
- Mr. Clegg
- Mr. Coffey
- Mr. Edwards
- Mr. Egan
- Mr. Foxworth
- Mr. Harbo
- Mr. Joseph
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Scheidt
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

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NOV 2 1935

U. S. to Sue Al Capone for Tax \$120,000 Sought on Beer Sales

**Capone's Lawyer
Tells U. S. Agents
Others Face Levy.**

Alphonse Capone, whose current residence, Alcatraz Prison, precludes any possibility of his dodging a process server, is to be sued by the Government for \$120,000, the Department of Justice announced yesterday.

"Scarface" Al, who is serving time because he failed to report in full his income from the sale of booze and other rackets during his prohibition regime in Chicago, is now to be requested, through the law, to pay internal revenue taxes on some of the liquor he handled in that era.

The assessment which the Government will attempt to collect from Capone and associates by civil action is based upon internal revenue taxes on some 20,000 barrels of high-powered beer known to have been manufactured and sold by his syndicate between 1921 and 1932. All of the barrels counted were reported in raids or seizures in that period.

Capone's lawyer, Michael J. Ahearn, said in Chicago that his client is "supposed to be broke." However, Joseph Lawrence, administrator of the Department of Justice's tax unit, said that the Government might collect the entire tax from any member of the mob who has money.

Similar actions against other kingpin bootleggers have been taken previously. Among those assessed were Irving "Waxey" Gordon, Max Hessler, Mossir Greenberg and Heine Wainer. The first

three, leaders of a New Jersey-New York syndicate, were assessed \$228,842 on 180,000 proof gallons of illegal alcohol about two months ago.

- Mr. Nathan ✓
- Mr. Tolson
- Mr. Baughman
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- Mr. Clegg
- Mr. Coffey
- Mr. Edwards
- Mr. Egan
- Mr. Foxworth
- Mr. Harbo
- Mr. Joseph
- Mr. Keith
- Mr. Lester
- Mr. Quinn ✓
- Mr. Scheidt ✓
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

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MAY 3 1932

WELSH POST

69-180 A

47

Mr. Nathan	✓
Mr. Tolson
Mr. Boardman
Chief Clerk
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Edwards	.....
Mr. Egan	.....
Mr. Foxworth	.....
Mr. Harbo	.....
Mr. Joseph	.....
Mr. Keith	.....
Mr. Lester	.....
Mr. Quinn	.....
Mr. Schacht	✓
Mr. Schilder	.....
Mr. Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

PRISON RULES BURN' GAPONE

Continued From Page 1

SAAN FRANCISCO, Aug. 13—A vivid version of life in Alcatraz Island Prison in San Francisco Bay was told today by William Henry Ambrose, former barometric dealer, who was taken from Alcatraz for deportation to England.

Ambrose told a story of a prison with almost continual silence, where even hard characters like Al Capone, the late-time Chicago vice lord, are "kicking up over the rules and regulations."

Ambrose, heavily guarded, was aboard a prison car with 25 other convicts after spending a year in Alcatraz.

The prison-imposed silence rules, permitting the convicts to talk only once a week, and "kindergarten books" at Alcatraz guards are the strictest to bear of all prison regulations, Ambrose said.

He revealed that Capone, Alvin Karpis, and other "hard characters" were allowed to prison Alcatraz.

The former Chicago gang overlord, never, "is turning up at the reflections of that Alcatraz madhouse," he said.

"Whenever the convict was who said that Al is losing his mind over was absolutely wrong, though," he added. "Al is not cracking up."

"Gapone has been thrown in the hole three or four times for talking," Ambrose said. "The non-talking rule is the hardest thing in Alcatraz."

(Continued On Page 4, Column 6)

Gapone Made Librarian At Alcatraz Pen

Continued From Page One

Alcatraz life for him, and for every prisoner there.

"But Gapone is going up the vertical first in the dry cleaning shop and, I think, in the shoe shop. Now he has been promoted to the library."

One Talk Forged a Week

"Not a word can be spoken by the convicts in line at the table, at work or in their cells. We get to talk once a week—on Saturday afternoon from 1 to 2:30 when we were allowed out in the yard. Nothing more. Of course, we'd try whispering out of the corner of our mouths and we'd see a signal system, but everyone who's caught is punished."

"The guards by Kindergarten stuff on prisoners who are supposed to be the worst in America. Billy says like this:

"If you leave bits of food on your plate, you lose two meals. If you've got to eat everything you take at the cafeteria style tables. So if you take a frankfurter and leave the skins because they're too tough, you lose one meal the next day."

No Radios, No Papers

"No radios, not a single newspaper. You can buy magazines, but they come to you with pages and articles torn out. You can't use a magazine to a buddy in another cell, have to turn it over to a guard with a prisoner's number marked on it."

Your letters come to you typed and retyped. Can't get the originals. Out of a three-page letter you may get six or seven lines.

The hopelessness gets you. Capone feels it. Everybody does. At Alcatraz you're marked as a desperado. You know you'll never get a parole... not a chance for anybody.

It's a Boy's School

Ambrose, alias Frank Chapman, tunneled out of Leavenworth Penitentiary once, and escaped a prison train another time.

A seasoned escape artist he believes possibility of escaping the granite prison would be remote.

"It's a cavity, indeed, all right."

POST OFFICE BOX 100
PITTSBURGH, PA.

19-180

Mr. Nathan	✓
Mr. Tolson	
Mr. Egan	
Chief Clerk	
Mr. Clegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	
Mr. Joseph	
Mr. Keith	
Mr. Lester	
Mr. Quinn	
Mr. Scheidt	✓
Mr. Schilder	
Mr. Tamm	
Mr. Tracy	
Miss Gandy	

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Capone Is Prison Librarian Amid Week-Long Silences

Narcotics Dealer, Just Released To Be Deported, Denies Racketeer Is Breaking Under Harsh Regulations—
But He Is "Burning Up."

Copyright, 1934, by the United Press.

SAN FRANCISCO, Aug. 18.— A sordid version of life in Alcatraz Island prison in San Francisco Bay was told today by William Henry Ambrose, former narcotics dealer, who was taken from Alcatraz for deportation to England. He served a year in the prison.

Ambrose told a story of a prison of almost continual silence, where even hard characters like Al Capone, one-time Chicago vice lord, are "burning up over the rules and regulations."

The prison-imposed silence rules, permitting the convicts to talk only once a week, and "kindergarten tricks" of Alcatraz guards are the hardest to bear of all the prison regulations, Ambrose said.

He revealed that Capone, first of America's "No. 1 public enemies," had been promoted to prison librarian. The former Chicago gangster, how-

ever, "is burning up at the restrictions of that Alcatraz madhouse," he said.

"Whoever the convict was who said that Al is losing his mind over it was absolutely wrong, though," he added. "Al is not cracking up under the treatment."

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- Mr. Tolson
- Mr. E. A. Tamm
- Chief Clerk
- Mr. Clegg
- Mr. Coffey
- Mr. Edwards
- Mr. Egan *AD*
- Mr. Harbo
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Tamm
- Mr. Tracy
- Mr. Gurnea

Good From Evil

It has been said that some good is in all evil and some evil in all good. No American can be particularly proud of the picture on the right, showing Uncle Sam squeezing out profits from bootleggers, racketeers and other criminals.

That this Government should interest itself in criminals and hunt them down with "G-men" ONLY when those criminals have failed to pay income tax, dividing their criminal earnings with Uncle Sam, seems unbelievable.

You see the good is mixed with evil, when told that law forbids Uncle Sam to interfere with criminals within State limits unless such criminals owe him money. When they do owe him money it is possible for the Government's long arm to reach out and gather in delinquent taxpayers wherever they are found. Such reaching out put the arch-criminal, Capone, in a cell, deep down in the rock of Alcatraz Prison. This makes it possible for the Government to hunt racketeers in any city where they fail to "divide." A strange, but a useful source of income.

Sharing the Loot



NEW YORK POLICE DEPT
 RECEIVED

AUG 1 1934

69-180-A

THE MISSION OF THE MIDGET.

"Link Fernekes to Robbery." That headline was not among those listed in these columns last January as certain to appear in this glorious year of New Deals and new everything that we have every year. Our system went wrong. The tea leaves did not reveal that Mr. "Midget" Fernekes would so soon become weary of his retreat at Joliet and resume active business.

From now on until Mr. Fernekes resumes closer relations with the law-enforcing authorities his name may be expected to appear in the reports of every crime presenting difficulties of solution. Out of Joliet, Mr. Fernekes will take up the burden laid down by Mr. Capone when that illustrious hoodlum left for the south and later took up residence in California. It is a necessary job and Mr. Fernekes is just the man for it. Lack of a dramatic and mysterious goat to assume responsibility for unsolved crimes has been severely felt ever since Mr. Capone went away from here.

When Al was among us his name was magic gilt to enliven many a dull police incident. In addition to building the pyramids, striking Billy Patterson and kidnaping Charley Ross, Mr. Capone or some of his sinister gangland henchmen stole the baby's pacifier, chased the family cat and, according to theory, committed every crime that stumped the police.

Later John Dillinger qualified for a brief period as the omnipresent omnibus of banditry, raiding banks, grocery stores and roadhouses at all points of the compass and at all points on the dial of the clock, simultaneously and serially. "Baby Face" Nelson pinch-hit for a while after the "G" men rubbed out John, but soon there was no "Baby Face" either.

Now comes the "Midget," tripping out of the long house at Joliet as blithesome as Sadie Thompson in "Rain." And aren't the coppers and the head-hunters glad!

Mr. Nathan	✓
Mr. Tolson	✓
Mr. Baughman	
Chief Clerk	
Mr. Elegg	
Mr. Coffey	
Mr. Edwards	
Mr. Egan	
Mr. Foxworth	
Mr. Harbo	
Mr. Joseph	
Mr. Keith	
Mr. Lester	
Mr. Quinn	
Mr. Scheidt	✓
Mr. Schilder	✓
Mr. Tamm	✓
Mr. Tracy	✓
Miss Gandy	

CHICAGO DAILY NEWS

August 9, 1935

69-180 A

AL CAPONE 'TOO HARD'
FOR PRISON BALL TEAM

San Francisco, Cal., July 2. (AP) — Al Capone was described here today as too hard for the soft ball team organized from prisoners in Alcatraz prison.

Prison officials declined to comment on reports published in the Chronicle saying Capone had incurred the wrath of fellow prisoners because he tried to order them about as though they were members of his notorious Chicago gang of the prohibition era.

Capone, serving a sentence for income tax evasion, was reported also to have been visited by his wife and their son, who were forced to converse with him through a voice tube.

Official announcements from the prison for "incorrigibles," a mile out in San Francisco bay, have been limited strictly to routine matters.

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Mr. Nathan

Mr. Tolson

Mr. E. A. Tamm

Mr. Clegg

Mr. Glavin

Mr. Edwards

Mr. Egan

Mr. Foxworth

Mr. Gurnea

Mr. Harbo

Mr. Hendon

Mr. Lester

Mr. Quinn

Mr. Nease

Mr. Rosen

Mr. Tracy

Mr. Carson

Mr. Coffey

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Mr. Nease

Mr. Rosen

Mr. Tracy

Mr. Carson

Mr. Coffey

Mr. Hendon

Mr. Lester

Mr. Quinn

Capone Too 'Hard,' Ruled Off Prison Softball Team

SAN FRANCISCO, July 2.—(AP)—Al Capone was described here today as too hard for the softball team organized from prisoners in Alcatraz prison. Officials declined to comment on reports published in the Chronicle saying Capone had incurred the wrath of fellow prisoners because he tried to order them about as though they were members of his notorious Chicago gang.

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W. J. ...

- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Backus.....
- Mr. Baughman..
- Chief Clerk.....
- Mr. Clegg.....
- Mr. Coffey.....
- Mr. Edwards.....
- Mr. Egan.....
- Mr. Harbo.....
- Mr. Keith.....
- Mr. Lester.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Smith.....
- Mr. Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

**Nobleman's Art
a Jolt to Gangs**

**Hastings' Original
Hangs in Glencoe
Home**

"Who's that big blonde? How
did SHE get on the lap?"

Indignant survivors of the old Al
Capone "syndicate" muttered ques-
tions like that yesterday when
copies of Viscount Hastings' mural
painting, "The History of Bootleg-
ging," completed the journey from
London to Chicago.

For there in the middle of the
picture sits "Scarface Al" himself—
white spats, yellow tie, pearl fedora,
black cigar—with a mountainous
beached darling draped on his left
knee.

"She ain't no syndicate moll
... Al never gave a tumble to
a skirt like that ... He wouldn't
give her a job washin' glasses in
speak ..."

Such were the bitter comments
in the underworld. The boys ad-
mitted, however, that the rest of the
picture wasn't so bad. It shows
speakeasies, hi-jacking, rum run-
ning and some pretty neat handling
of six-guns and "tommies."

As the copies arrived it was
learned last night that the orig-
inal painting has been here all the
time and forms a mural in the
basement bar of the Glencoe home
of James M. R. Glazer, grain bro-
ker, whose guest Viscount Hastings
was during the 1933 World's Fair,
at which time he painted it.

25

69-160-A

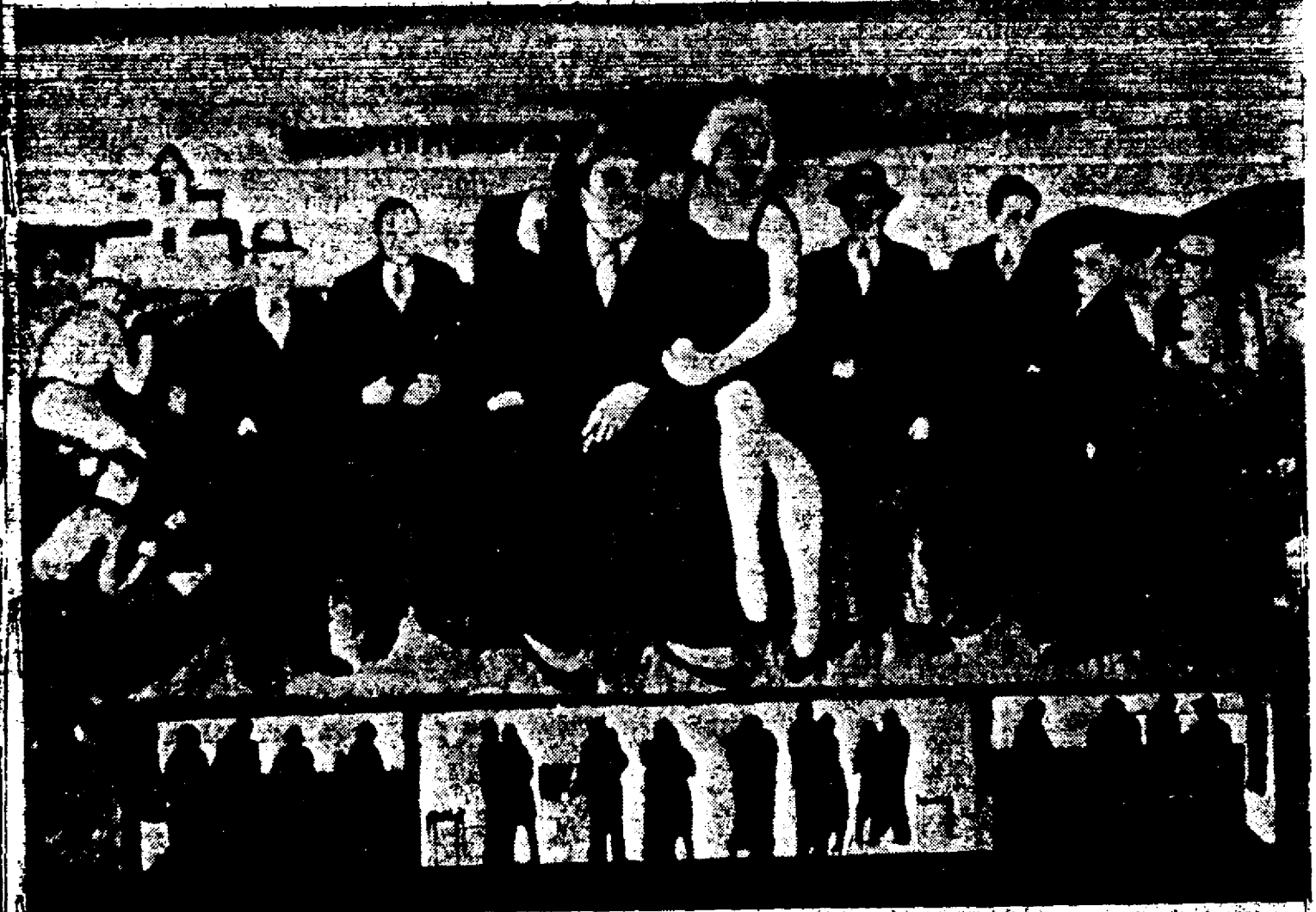
MAY 2 1935

48

CAPONE MUSCLES IN ON ART

King of the Underworld Put
on Canvas by British Peer

Viscount Hastings
The History of
Bootlegging



PAINED IN LONDON—A section of Viscount Hastings' mural painting, "The History of Bootlegging," which has reached Chicago from London, causing favorable and unfavorable comments.

69-180-A

49

Painting of British Paer

LONDON, April 27.—The painting, which was safely tucked away in an American...

The central figure is a rural painting entitled "The History of Bootlegging," by Viscount Hastings.



The painter, son and heir of the earl of Huntington, depicted the scar faced one, plump-jawed and wearing spats, in his palmy days.

Capone's blonde platinum blonde on his knee and

Capone's blonde platinum blonde on his knee and (Atwell photo.)

scowling henchmen in the background, their hands thrust ominously in their pockets. Apparently the federal men are about to burst into the room. The blonde is frightened and Capone himself has one hand in his pocket.

Pictures Bootleg Industry.
Starting at the left, the mural shows a murky waterfront scene with a ghost ship riding in the background and five husky roustabouts unloading sacks of contraband whisky from a speed launch. Others, clutching revolvers and a submachine gun, are apparently beating off an attacking hijack party.

The police are coming, however—two of them, in a rowboat with the Stars and Stripes waving in the breeze.

Panels show three speakeasy scenes, and then the panorama turns rural, with huge trucks lumbering along the moonlit countryside and grim jawed men blazing away at each other with tommyguns. Three airplanes swoop low overhead. Everything appears to be in the district except the cavalry.

Sprayed with a Gun.
The whole work of the artist, appropriately enough, was sprayed with a gun. That is the way the viscount works. He uses a paint gun.

"It is faster and really very effective," said Hastings.
A graduate of Eton and Oxford, his full name is Francis John Hastings, Viscount Plantagenet Hastings. He is a direct descendant of the House of Plantagenet, which ruled England for more than 300 years.

- Mr. Backus.....
- Mr. Baughman.....
- Chief Clerk.....
- Mr. Clegg.....
- Mr. Coffey.....
- Mr. Edwards.....
- Mr. Egan.....
- Mr. Harbo.....
- Mr. Keith.....
- Mr. Lester.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Smith.....
- Mr. Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

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CHICAGO DAILY TRIBUNE

APR 28 1935

Nathan

POPE'S LEDGER SHOWN IN BOOK

Government Puts Away Record of His Income.

GAMBLING GAMES PAID WELL

Tax Compromise Makes Use of Ledger Unnecessary.

CHICAGO, March 25 (AP)—The government tucked a race book into its shelves today—source material for a sometime biographer of Scarface Al Capone.

The volume, certainly a collector's item, is a first-hand account of one of the dirtwhile gang lord's business ventures and had been planned as evidence of the Government's income tax claim against Capone.

It was stuck back on the Federal bookshelf as the Government and Capone compromised the \$286,406 claim for \$220,800.78, a settlement effected a day ago.

Across a page marked "December, 1934," in the ledger, appears the notation:

"Frank paid \$17,800 for Al."
Frank and Al, it seems, along with Town, Ralph, Pete, Lew, D—, J & A, and such, were partners in a business enterprise. The page obviously recorded a distribution of dividends.

It showed "Town paid \$6,537.42." Ralph and Pete each received \$1,634.36, seemingly being minor stockholders. Frank, J & A, Lew and D— each got \$5,730.22.

The ledger recorded the profits and losses, operating capital and expenses of the Hawthorne smoke shop in Cicero from May, 1934, to April, 1935. Its business, for which a daily record was kept, included races, twenty-one games, dice, wheels, poker, pen angle, hazard and cage games.

The full names of the business men were not written in the otherwise completed ledger, but government attorneys said the man who made the entries associated the recorded names and initials with such names as Capone, Guzik, Pope, and such.

Their books were written with great care. The ledger was a business record, not a diary. It was a record of the business, not a record of the man. It was a record of the business, not a record of the man. It was a record of the business, not a record of the man.

The entries for the last day recorded in the book was typical. The "house" lost \$1,717 on races.

- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Backus.....
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- Mr. Schilder.....
- Mr. Smith.....
- Mr. Tamm.....
- Mr. Tracy.....
- Mr. Egan.....
- Mr. Gandy.....

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Mr. Nathan
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 Mr. Quinn
 Mr. Rosen
 Mr. Tracy

REDUCE CAPONE U. S. TAX DEBT TO \$220,980

Al Capone has agreed with the United States government that he owes \$220,980 in disputed income taxes

for the years 1924 to 1929, inclusive. An announcement was made here yesterday that special attorneys for the treasury department and counsel for the former beer czar have agreed to stipulations reducing the tax claimed by the government from \$222,842 to \$220,980. A public hearing on Capone's appeal from the government levy set for tomorrow before Judge J. Russell Leech of the board of tax appeals was canceled. Instead Judge Leech will return from Washington Monday, March 25. The government will then ask that

Mr. Laughlin
 Mr. Clegg
 Mr. Coffey
 Mr. Egan
 Mr. Harbo
 Mr. Keith
 Mr. Lester
 Mr. Quinn
 Mr. Rosen
 Mr. Tracy

Handwritten initials

<p>judgments be entered against Capone and three other gangsters who agreed to stipulation reductions last week.</p>	<p>out only a small part of his indebtedness. Agents of the investigating unit of the internal revenue department must ferret out his other assets, the officials said.</p>	<p>believed that Capone's counsel agreed to the stipulation to avoid, not only the expense of a lengthy hearing, but further revelations of the former gang lord's many illegal activities.</p>
<p>By entering the stipulation agreements, Capone, through his attorney, Michael Ahern, admits only that he owes a certain amount of money in taxes. Collection of this judgment must be made by Collector of Internal Revenue Carter Harrison.</p>	<p>The civil tax case against Capone has been investigated since December by Eiden McFarland, special attorney for the treasury department, and his assistants, John E. Marshall and Bernard E. Daniels.</p>	<p>The stipulation fixed Capone's net income for the six years at \$702,496, and the amount of taxes and penalties at \$220,980. Capone is in Alcatraz prison, serving an 11 year sentence for violation of the income tax laws. Last week stipulations reducing their total tax claims from \$1,251,638 to \$529,062 were agreed to by Ralph Capone, Jack Gusik, and James V. Mondl.</p>
<p>It was conceded by government officials that collection of the entire judgment might prove difficult, because gangsters rarely have visible assets. There are liens against Capone's equity in his home at Miami, but its sale, it is said, would wipe</p>	<p>They had gone to great lengths, obtaining depositions from 21 persons in Florida, impounding the books of former Capone gambling houses and other illegal interests, and subpoenaing numerous bank clerks. It was</p>	

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- Mr. Egan.....
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- Mr. Keith.....
- Mr. Lester.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

67-17

**DE GRAZIA ON WAY
TO U. S. PRISON;
CAPONE HOODLUM**

Rocco De Grazia, alleged Capone hoodlum, surrendered yesterday to United States Marshal William H. McDannell and was taken with 15 other prisoners to Leavenworth penitentiary to begin serving a sentence of 18 months imposed recently by Federal

Judge Charles E. Woodward for income tax evasion.
Among the others taken to prison was Paul Leo Gorski, 31 years old, alias "Dr." Paul Wagner. Gorski was sentenced yesterday to two years in Leavenworth by Federal Judge William H. Holly on charges of violating the Harrison narcotic law and impersonating a government officer. He pleaded guilty.
Gorski was arrested in January, 1934, at 6205 Ravenswood avenue after the state department of registration

and education had complained that he had practiced medicine without a license. He was convicted in state court and sentenced to six months in the county jail in this case.
Assistant United States Attorney Mary Balley told Judge Holly yesterday that Gorski forged the names of legitimate doctors to prescriptions in order to get narcotics which he sold to "patients." The federal impersonation charge grew out of Gorski's representation that he was a member of the army medical reserve.

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Mr. Tolson
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Mr. Tamm
Mr. Tracy
Miss Gandy

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Mr. Harbo
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Mr. Quinn
Mr. Schilder
Mr. Tamm
Mr. Tracy
Miss Gandy

AL CAPONE

as

**Report Mrs. Capone Living
Near Gangster's Prison**

San Francisco, Cal., Feb. 9.—(AP)—
The Chronicle says Mrs. Al Capone is
living in the San Francisco bay sec-
tion under an assumed name to be
near her husband, the former Chicago
gangster. Capone is serving an 11-
year sentence on Alcatraz Island, fed-
eral "escape proof" penitentiary for
incurables.

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 Chief Clerk.....
 Mr. Coffey.....

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 Mr. Schilder.....
 Mr. Tamm.....
 Mr. Tracy.....
 Miss Gandy.....

GANGSTER GETS 18 MONTH TERM FOR TAX EVASION

De Grazia of Old Capone Mob Pleads Guilty.

Rocco De Grazia, once a member of the old Capone gang, was sentenced to 18 months in Leavenworth penitentiary and fined \$1,000 yesterday by Federal Judge Charles E. Woodward on a charge of income tax evasion. De Grazia pleaded guilty and admitted an income of \$19,932 for the years of 1929 and 1930.



De Grazia's brother, Nicholas, who pleaded guilty to a charge of falling to file income tax returns for 1929 and 1930, was fined \$250 and placed on probation for one year.

Conviction of De Grazia left but one major income tax case for trial, court attachés pointed out. The defendant in this case is William H. Malone, former chairman of the Illinois tax commission, who is reported to be a fugitive in Germany.

Deaths Mark Defendants.
 Defendants in three other cases, which promised sensational disclosures, escaped prosecution through death. They are Ted Newberry, north side gang chief, who was found slain near Chesterton, Ind., Jan. 7, 1933; Joe Rosenberg, prominent politician in the 24th ward, and Tom Maloy, near of the Motion Picture operators union, shot to death Monday.

The government was preparing to move for indictment of Newberry at the time he was slain. It was revealed yesterday Rosenberg, who was charged with failure to pay a tax of \$65,000 for the years of 1929 and 1930, died following an operation in January, 1934, shortly after his indictment.

Assistant Attorney General Leslie E. Halter announced yesterday that the government would move against Maloy's estate in an effort to collect tax of \$31,000, which the indictment charged that he owed for the years from 1929 to 1932.

O'Hara Case to Be Pushed.
 It also was announced yesterday that the death of Maloy would not weaken the perjury case against Ralph O'Hara, organizer for the moving picture union. United States Attorney Dwight H. Green said that he felt confident of a conviction without presence of Maloy. O'Hara was indicted for perjury for his testimony during the investigation by the federal grand jury of the Maloy tax payments.

In the De Grazia case Assistant United States Attorney E. H. Campbell told the court that Rocco admitted operating 18 handbooks, most of them in Melrose Park. He also admitted, the attorney said, that he had a payroll of \$400 a day during the years mentioned in the indictment and had paid "protection" of \$1,200 a month.

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- Mr. Tolson
- Mr. Clegg
- Mr. Baughman
- Chief Clerk
- Mr. Coffey
- Mr. Edwards
- Mr. Egan
- Mr. Harbo
- Mr. Keith
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- Mr. Quinn
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- Mr. Tamm
- Mr. Tracy
- Miss Gandy

18 MONTHS FOR A CAPONE AID

Because, like other Capone gangsters, he neglected to pay his income tax, Rocco De Grazio was sentenced by Federal Judge Woodward yesterday to eighteen months in Leavenworth penitentiary and \$1,000 fine.

He and his brother, Nicholas, pleaded guilty. The latter was granted probation after being sentenced to a year in the Bridewell and \$250 fine.

By drawing the prison term for tax cheating, De Grazio followed the path of Al and Ralph Capone, Jake and Sam Guzik, Frank Nitti, Terry Druggan, Frankie Lake and—most recently—Murray Humphreys.

De Grazio admitted failing to pay \$20,000 tax in 1929 and 1930.

According to Assistant United States Attorney E. Riley Campbell, he confessed to internal revenue investigators that he operated eighteen handbooks, mostly in Melrose Park, had a \$400 a day payroll and paid \$1,200 a month for "protection."

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- Mr. Baughman
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- Mr. Egan
- Mr. Harbo
- Mr. Keith
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- Mr. Quinn
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy
- Miss Gandy

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**END TESTIMONY
IN CAPONE TAX
EVASION PROBE**

Miami, Fla., Jan. 30.—(AP)—Depositions of government witnesses here in appeals by Al Capone, former Chicago gang leader; his brother, Ralph, and his aid, Jack Guzik, from federal income tax assessments totaling \$1,212,692.64 were completed today after a two day hearing.

They will be reviewed by the federal board of tax appeals in Chicago March 11.

Al Capone, who is in Alcatraz prison in California serving a sentence for income tax evasion, is protesting assessments totaling \$68,644.06 for the years 1924 to 1929, inclusive.

Ralph Capone is protesting assessments totaling \$311,282.53 for the years 1926 to 1928, and Guzik, \$22,752 for the years 1924 to 1929.

Tax liabilities of the trio during their residence at Miami Beach were sought by Elden McFarland, special attorney for the treasury department.

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Chicago Tribune
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TAKING CAPONE'S WEALTH! A NEW PUNISHMENT

*The First Move to Forfeit
'Crime Estates'*



INCOME TAXES AND PENALTIES

Efforts to take from Al Capone \$391,506 of his booze-beer-vice profits made during prohibition for back income taxes and penalties are to be made soon by the government, it was announced in Washington yesterday.

Although Capone still has the major portion of an eleven-year sentence to serve in a federal penitentiary for tax evasions, the action of the government is designed to deprive him of his fortune built up from criminal activities.

It is the government's way under existing laws of making it impossible for a convicted criminal to enjoy the fruits of his ill-gotten gains after the expiration of a penitentiary sentence.

A Forfeit

This step is in line with the suggestion made last Saturday by Governor Horner at his nation-wide crime conference in Springfield that laws be passed enabling courts to forfeit estates of convicted predatory criminals unless proof is given that their wealth was honestly gained.

Witnesses are being gathered by the government who will testify before the United States board of tax appeals in Chicago that Capone had an income of more than \$1,000,000 from gambling and other sources for the years 1925 to 1928, it was stated.

It is not likely that the notorious gangster will be released from prison to attend the hearing but he will undoubtedly be represented by his attorney, Michael J. Ahern, who already has made the claim that imposition of the penalties proposed would be in violation of Capone's constitutional rights and would constitute "double punishment."

Mr. Nathan.....
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Mr. Tracy.....
Miss Gandy.....

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- Mr. Nathan.....
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- Mr. Quinn.....
- Mr. Schneider.....
- Mr. Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

JAN 9 - 1935
 NEW YORK AMERICAN

CAPONE'S TAXES

*U. S. Is Seeking
 To Collect
 \$391,506*

HAS EVIDENCE

WASHINGTON, Jan. 8 (AP)—
 The Government will appear soon
 before the United States Board of
 Tax Ap-
 peals in an
 effort to
 collect
 \$391,506 in
 back in-
 come taxes
 and pen-
 alties from
 Al Capone,
 now serving
 an 11-year
 sentence
 for tax
 evasion.



Witnesses
 are being
 rounded up
 quietly to
 present to
 the board
 evidence to
 prove Ca-
 pone had

AL CAPONE
 U. S. seeks \$391,506 from
 him.

income from gambling and other
 operations totaling more than a
 million dollars for the years 1925
 to 1929. The arguments will be
 heard in Chicago.

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- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Clegg.....
- Mr. Baughman..
- Chief Clerk.....
- Mr. Coffey.....
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- Mr. Harbo.....
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- Mr. Lester.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Tamm.....
- Mr. Tracy.....
- Miss Gandy.....

J. S. PONDERS
GOING CAPONE
FOR \$391,506

FRANCIS J. PONDERS, 711 North Dearborn street, Washington, D. C., Jan. 8.—Uncle Sam set out today to start collecting from Al Capone some of the thousands of dollars the government expended in investigations and criminal prosecutions that sent the one-time overlord of Chicago vice to a two-year stay in Atlanta and Alcatraz prisons.

Sometime soon the circuit branch of the United States board of tax appeals will hold a hearing in Chicago and decide whether the government is entitled to any of the \$391,506.23 in back income taxes, including interest and penalties, the gangster has been accused of attempting to evade and defeat.

Roundup of Witnesses.
 With a view to bringing this civil suit to a showdown in as short a time as possible, government operatives of the internal revenue bureau today are conducting a countrywide roundup of all witnesses who testified either for or against the gang chieftain in previous Capone cases.

It was learned today that Capone has been ordered to appear in court, where Capone admitted during his affluent heyday, in Chicago and Alcatraz.

Combating the charges of the government, Capone, in his petition to the board, asked for a re-determination of income taxes assessed against him for the years 1924, 1925, 1927 and 1928, amounting with interest and penalties to \$22,843.18. He also asked for a re-determination of other taxes the board proposes assess against him for the years 1924 to 1929 inclusive, amounting with penalties to \$22,843.18.

Mr. Clegg, the assistant attorney general, through counsel, Capone to appear before the commissioner to explain the grounds or reasons for his failure to pay that in 1924 the commission erroneously assessed him 10 per cent of the profits of the gambling syndicate in the amount of \$300,250.88, or a tax penalty of \$133,102.89.

Moreover, his counsel in the petition, the gangster has already been convicted on criminal charges of racketeering, and is serving time, and the government is attempting to attempt to further in a civil suit to establish an act of double jeopardy of his client's conviction.

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 Miss Gandy

SEEK \$391,506 CAPONE TAX

WASHINGTON, Jan. 8.—(AP)—
 The government will appear soon before the United States board of tax appeals in Chicago in an effort to collect \$391,506 in back income taxes and penalties from Al Capone, now serving an eleven-year sentence for tax evasion.

Witnesses are being rounded up to prove that Capone had income from gambling and other operations totaling more than a million dollars for the years 1925 to 1929, inclusive.

It is not likely that Capone will be released from prison to attend the hearing. Through his attorney, Michael J. Ahearn, he has made the claim that the penalties proposed would constitute "double punishment" and destroy his constitutional rights.

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Mr. Nathan
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 Mr. Harbo
 Mr. Keith
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 Mr. Quinn
 Mr. Schilder
 Mr. Tamm
 Mr. Tracy

**SAYS AL CAPONE—
 PARTICIPATED IN
 HUNGER STRIKE**

San Francisco, Cal., Dec. 15.—(AP)—
 Some of the alleged secrets of Alcatraz
 island, including an asserted hunger
 strike by Al Capone and other prison-
 ers, were disclosed today by John
 Stadig, young counterfeiter, before offi-
 cials clapped him back into the gov-
 ernment's carefully guarded prison for
 arch criminals.

"I'd rather die than go back to Al-
 catraz. That's a hell hole," Stadig told
 Constable John Ott immediately after
 being captured near Martinez, Cal.,
 yesterday. He escaped recently while
 being returned to the prison from
 Portland, where he had been taken to
 appear in court.

"I got a 15 year sentence at Port-
 land through a frameup," Stadig said.
 "The warden, attorney general, and
 Portland court framed me because I
 had written a letter to the attorney
 general criticizing the prison.

"My pal and I had asked the warden
 to allow us some newspapers and
 motion pictures in the prison once a
 month. He shackled us and threw us
 in the dungeon for this, and if we got
 two slices of bread a day we were
 lucky.

"Al Capone and other prisoners
 went on a strike and refused to eat
 or come out of their cells, and in three
 days we were released from the dun-
 geon. It was after that I wrote to the
 attorney general."

17927

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- Mr. Nathan
- Mr. Tolson
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- Mr. Keith
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- Mr. Quinn
- Mr. Schilder
- Mr. Tamm
- Mr. Tracy

BARES CAPONE HUNGER STRIKE AT ALCATRAZ

Captured Fugitive Tells Secrets of U. S. Island Prison; Prefers Death to Return

SAN FRANCISCO, Dec. 15.—(AP)—Some of the alleged secrets of Alcatraz Island, including an asserted hunger strike by Al Capone and other prisoners, were disclosed today by John Stadig, young counterfeiter, before officials clapped him back into the government's carefully guarded prison for arch criminals.

After being captured near Martinez, Cal., yesterday, he said:

"I'd rather die than go back to Alcatraz."

TELLS OF LIFE

The 26-year-old counterfeiter escaped recently while being returned to the prison from Portland, where he had been taken to appear in court.

Telling of life in prison, he said: "I wrote a letter to the Attorney General criticizing the prison."

"My pal and I had asked the warden to allow us some newspapers and motion pictures in the prison once a month. He snatched us and threw us in the dungeon for this, and if we got two slices of bread a day we were lucky."

"Al Capone and other prisoners went on a strike and refused to eat or come out of their cells, and in three days we were released from the dungeon. It was after that I wrote to the Attorney General."

IN SEPARATE CELLS

He added: "Capone, 'Machine Gun' Kelly and Harvey Bailey are confined to separate cells like the rest of us. Each man is locked in his solitary cell at 4:30 p. m. and stays locked up until 6:30 a. m."

"We wear gray uniforms during the week and change to blue ones on Sunday. The guards are plenty strict, but the treatment in the main isn't so bad. We don't get much exercise, only six hours a week, spread over seven days. There is no dope in the prison."

Stadig has figured in three escapes, one of which was in Chicago.

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Toman Names New Warden for Jail; Fights Dope Evil

**Money Penny Out;
Lax Discipline
Charged**

**CITES CRIMES
Guns and Poison
Brought to
Prisoners**

Smuggling of dope into the county jail yesterday prompted Sheriff-elect John Toman to depose David Money Penny as warden and appoint in his place Frank Sain, for fifteen years a guard in the house of correction.

Money Penny's intimations that lack of political pull was at the bottom of his removal were impatiently brushed aside by Toman, who said:

"I have no confidence in him. He has permitted the violation of the strictest rules of penal institutions.

TELLS OF CRIME.

"Dope has been smuggled in butter cubes, poisoned sandwiches that killed one prisoner were brought into the jail, and a gun got into the jail with which a guard was killed. There is no politics in his removal.

- Mr. Nathan
- Mr. Tolson
- Mr. Clegg
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- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Schaefer
- Mr. Tamm
- Mr. Tracy

The new warden, I want to see the trust, don't want to clean up. I want to be able to sleep night without having to be afraid that a guard will be shot."

FIFTY CACHES FOUND.

It was learned from good authority that within the last four years more than fifty caches of dope have been found in the institution.

Said the informant:

"Only within the last four weeks we found in the jail a cache of morphine in capsules. Dope is never found on prisoners. They are too canny to be caught with the goods, because the federal government would prosecute them. But the records of the narcotic division will bear out that dope has been found many times within the walls of the institution."

In addition to Sain, who is a brother of Alderman Harry Sain of the Twenty-seventh Ward, Toman announced the appointment of George Gibson, assistant warden, to continue in office.

**Reforms Are Pledged
by Sheriff Toman.**

Commercialized vice must be driven out of the county. The sale of liquor to minors must stop. The employment of young girls as hostesses in roadhouses must cease.

Thus Sheriff-elect John Toman yesterday outlined their duties to Chief William F. Collins and Lieut. Lester J. Laird, Angelo Borella and Fred Mulhausen of the highway police when he informed them of their appointments.

Toman also announced the following appointments: Joseph Lellvelt, chief bailiff; James Todd, attorney for the sheriff; William Milota, chief bailiff of the Criminal Court, and Rudolph Sabath, custodian of the county building.

69-180-F

Chicago Herald & Expositor
12-2-34

- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Clegg.....
- Mr. Baughman.....
- Chief Clerk.....
- Mr. Coffey.....
- Mr. Cowley.....
- Mr. Edwards.....
- Mr. Egan.....
- Mr. Harbo.....
- Mr. Keith.....
- Mr. Lester.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Tamm.....
- Mr. Tracy.....

- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Clegg.....
- Mr. Baughman.....
- Chief Clerk.....
- Mr. Coffey.....
- Mr. Cowley.....
- Mr. Edwards.....
- Mr. Egan.....
- Mr. Harbo.....
- Mr. Keith.....
- Mr. Lester **WHO?**.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Tamm.....
- Mr. Tracy.....

MISC.

Capone Misses Out on Special Feast

SAN FRANCISCO, Nov. 29.—(I.N.S.)—Inmates in all of California's state prisons today were enjoying special Thanksgiving Day meals, but to Al Capone and the 200-odd selected "bad boys" on Alcatraz federal penitentiary, the "Devil's Isle" in the middle of San Francisco Bay, it was just another Thursday. Warden James A. Johnston, warden at Alcatraz, said "There will be no special dishes on our menu today."

Handwritten signature: HRS

Chicago Herald & Expositor

11-30-34

- Mr. Nathan.....
- Mr. Tolson.....
- Mr. Clegg.....
- Mr. Baughman.....
- Chief Clerk.....
- Mr. Coffey.....
- Mr. Cowley.....
- Mr. Edwards.....
- Mr. Egan.....
- Mr. Harbo.....
- Mr. Keith.....
- Mr. Lester *WHDZ*.....
- Mr. Quinn.....
- Mr. Schilder.....
- Mr. Tamm.....
- Mr. Tracy.....

AL CAPONE

**PAROLE CAPONE?
NOT IN 11 YEARS,
AVERS OFFICIAL**

San Francisco, Cal., Nov. 23.—(AP)—
There will be no parole for Al Capone
or the other Alcatraz Island prison
"incorrigibles," Col. Joel Moore, chief
federal probation officer, made known
today.

"Al Capone and others of his like
will have to serve out their entire
terms in Alcatraz prison. There will
be no paroles recommended by my
department for them," Col. Moore de-
clared. "Capone must serve out his
11 year sentence."

68

69-180-A Chicago Tribune
11-24-34

**CAPONE'S WIFE ASKS
INTERVIEW, REPORT**

San Francisco, Nov. 22 (AP).—Despite reports that Mrs. Al Capone is in San Francisco to seek an interview with her convict husband at Alcatraz island penitentiary, Warden James Johnston denied knowledge of her whereabouts. Johnston said if the interview is granted with the Chicago gang chief it would be kept secret.

1-180

Chicago Daily Times
69-180-A 11-23-34
68

Pre-Vote Roundup Jails A Capone

BROOKLYN, N. Y., Nov. 2.—(P)
James Capone, cousin of Alphonse
("Scarface Al") Capone, was held
in \$500 bail today for further hear-
ing on a charge of "consorting
with criminals." Capone was ar-
rested with thirty-seven others in
a pre-election roundup designed,
police said, to prevent disturbances
at the polls. "Consorting with crim-
inals" is a disorderly conduct
charge.

Chicago Herald & Examiner
69-120-4 11-3-34 70

Plea Against Capone

The plea of Al Capone, former gang lord of Chicago, was started in the federal District court of Atlanta while he was imprisoned in the federal penitentiary there, but before its final rejection by the Supreme court Capone had achieved the release he sought. He was taken out of the penitentiary there, but was lodged in a new one on Alcatraz Island, off the California coast.

Nevertheless the petition for a writ of certiorari, which the Supreme court denied today, was in the matter of Alphonse Capone vs. A. C. Aderhold, the latter being warden of the Atlanta penitentiary. Capone's lawyers raised his plea after he had been committed to the penitentiary on May 4, 1932. A Supreme court decision in another case held that the statute of limitations in criminal income tax cases is three years, and not six, as the government relied upon in convicting Capone.

But Capone's lawyers had failed to raise the plea during the trial and this precluded him from further relief.

The Supreme court took under advisement the case in which Samuel T. Ansell, who investigated election frauds in Louisiana, is suing Senator Long for \$500,000 libel.

Mr. Nathan	_____
Mr. Tolson	_____
Mr. Clegg	_____
Mr. Baughman	_____
Chief Clerk	_____
Mr. Coffey	_____
Mr. Cowley	_____
Mr. Edwards	_____
Mr. Egan	_____
Mr. Harbo	_____
Mr. Keith	_____
Mr. Lester	_____
Mr. Quinn	_____
Mr. Schilder	_____
Mr. Tamm	_____
Mr. Tracy	_____
Mr. Egan	_____

A. L. CAPONE

Chicago Tribune

69176 10-16-34

- Mr. Nathan
- Mr. Tolson
- Mr. Clegg
- Mr. Baughman
- Chief Clerk
- Mr. Coffey
- Mr. Cowley
- Mr. Edwards
- Mr. Egan
- Mr. Harbo
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Schilder

W. J. ...
1-12

AL CAPONE

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CAPONE LOSES PLAN TO SUPREME COURT

Review Is Denied for Habeas Petition Raising Issue of Limitations Statute.

ODDS AGAINST A REHEARING

Chicago's Ex-Gang Chieftain Is Believed Likely to Serve His Time at Alcatraz.

Special to THE NEW YORK TIMES.
WASHINGTON, Oct. 15.—Probably the last avenue through which Alphonse Capone might have escaped serving the rest of his ten-year prison sentence for attempted evasion of income tax from 1925 to 1927, was blocked today by the Supreme Court.

Without explanation the court rejected a petition of the former Chicago gang leader for review of lower court findings, in a habeas corpus proceeding.

Counsel for Capone, conceding income tax evasion charges, argued that as the indictment was drawn more than three years after the alleged offenses occurred, the statute of limitations barred the court from taking jurisdiction.

The action of the high court left to Capone the sole recourse of an appeal for a rehearing, a move in which the odds would be against him. As a result Capone is likely to stay at Alcatraz prison at least until he becomes eligible for parole.

Since the court confined its ruling to the essential point of the petition, it threw no light on the question whether counsel for Capone, in appealing to the Court of Appeals from the decision of the District Court for Northern Illinois, had erred in failing to raise the statute of limitations as a legal impediment to his trial.

Besides the ten-year prison sentence, Capone received a year's term in county jail and a fine of \$50,000.

At the trial, counsel for Capone asked the court to direct a verdict of not guilty on the ground that the statute of limitations prevented consideration of an offense three years prior to the indictment. The government replied that in this case the limitation was six years because of an attempt to "defraud" the United States.

The trial court overruled the motion for a directed verdict. On appeal, reversal of the conviction was sought on the sole ground of insufficiency of the indictment and the question of the statute of limitations was not raised.

In a petition for a writ of habeas corpus filed in the Federal court for the Northern District of Georgia, Capone's counsel offered as a parallel the granting of a habeas writ to "Boss" William Tweed by New York's highest court.

69-170-1

**Relative of Capone in
Quiz on Bombing**

Frank Diamond, 42, relative of Al Capone, was to be questioned today by Arthur Treacy of the bomb squad. Known as a racketeer and public enemy, Diamond was arrested last night by Sergt. Marshall Pidgeon at Washington and Dearborn sts.

69 176 A Chicago American
10-15-34 74

Al Capone's Nemesis Forced to Take Exam to Keep Federal Job

Cleveland, Oct. 18 (U.P.).—The man who headed the government's investigation into the income tax evasions of Al Capone, Chicago's dethroned and imprisoned No. 1 public enemy, has had to take a government competitive examination to hold his job.

He is Elliot Ness, 31, Chicago, who became agent in charge of the Cleveland office of the alcohol tax unit of the treasury department after his successful expose of Capone's evasions.

Despite his brilliant record, Ness and the 10 men under him had to take the examination. A new law passed by congress makes the test mandatory, whether they are jobholders or not.

The tests were preparatory to increasing the federal liquor staff in Ohio and Michigan from 60 to 150.

Ness, a University of Chicago graduate, was frankly a little disturbed about the examination. He wandered about the federal building reviewing his mathematics.

69-180-A

Chicago Daily Times

10-15-34

75

CAPONE LOSES IN HIGH COURT

WASHINGTON, Oct. 15.—(By International News Service.)—Alphonse Capone, former overlord of Chicago, today lost his second appeal to the United States Supreme Court in an effort to escape serving out his term on charges of dodging income tax.

The high court, without explanation, denied a petition for review in a habeas corpus proceeding, in which Capone's lawyers contended the statute of limitations prevented his trial.

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10-15-34

69-180-A Chicago American 76
10-15-34

Supreme Court Rejects Appeal Pled for Review

WASHINGTON, D. C., Oct. 15.—The United States Supreme court today refused to grant a writ of certiorari in the case of Albert N. Woods, Chicago, who had been sentenced to the Federal Penitentiary at Alcatraz, Cal., when the United States Supreme court denied a writ of certiorari in the case.

Woods, who had been sentenced to a three-year term of imprisonment for the violation of federal income tax laws, upon appeal to a federal circuit court in the general penitentiary, was outside the three-year period of limitations

for the time his prosecution against him. Woods asked the Supreme court to set aside the verdict of the lower courts and undertake a review of the proceedings.

Without comment from the bench, the highest court in the land denied Woods' petition for a writ of certiorari.

Woods owned stock in a corporation, hotel and theater property, was denied a review of his case to enable him to charge to bankruptcy.

The discharge was opposed by Regain, Inc., on the basis of an allegedly fraudulent transfer of stock to the Shubert theatrical interests. The fraud, if any, Woods contended, was a technical one which he took in advice of attorneys and without any knowledge of fraud on his part.

Lawyers' Fees Upheld.
The Downers Grove (Ill.) sanitary district was denied a review of the Illinois Supreme court ruling which held it obligated to pay \$25,000 in fees to the law firm of Bunge, Brötfeld & Bunge.

The fees were for services rendered in preparing special assessments for a \$1,000,000 sewage improvement. The lawyers were retained by a group of business who were replaced before the project went through.

Air Line Is Loner.
Transcontinental and Western Air, Inc., today was refused su-

(Continued on Fourth Page.)

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Air Line Is Loner.
Transcontinental and Western Air, Inc., today was refused su-

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69-110-H

77
Chicago Daily News
10-15-34

Capone Again Loses Fight To Go Free

By International News Service
"Scarface Al" Capone, former overlord of Chicago gangdom, today lost his second appeal to the Supreme Court in an effort to escape his sentence on charges of dodging income tax.

The high court, without explanation, denied a petition for review in a habeas corpus proceeding, in which Capone's lawyers contended that the statute of limitations prevented his trial.

Thus the high court left unanswered the question of whether or not Capone's lawyers made a fatal error when he was tried in Federal court in Chicago by not raising the statute of limitations question in the proper way.

Capone was sentenced to a year in jail on misdemeanor charges and 10 years for dodging income tax for 1925, 1926, and 1927.

At the trial his lawyers moved for a directed verdict and asserted that three years had elapsed since the offenses. The Government replied that a six-year statute applied in Capone's case.

69-180-A

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AL CAPONE LOSES IN SUPREME COURT

Tribunal Refuses to Review
Court Action Denying
Him Freedom

By the Associated Press.

The United States Supreme Court refused today to aid Alphonse (Scarface Al) Capone, convicted Chicago gangster recently removed to Alcatraz Federal Penitentiary, in his effort to obtain freedom.

Capone had contended his conviction of violating the internal revenue laws by making false income tax returns for 1925, 1926, and 1927 was illegal because it was obtained more than three years after the offenses were alleged to have been committed. The Supreme Court declined to review the refusal of lower courts to release him.

U. S. Denies Time Expired.

In its argument against Capone's release the Government took the position the three-year statute of limitations did not apply in cases of fraud and that the conviction was legal because obtained within six years after the offenses.

Capone was sentenced in the Federal District Court at Chicago to one year in the county jail and fined \$30,000 on conviction of two misdemeanors, and to 10 years' imprisonment in a Federal Penitentiary and a fine of \$30,000 on three other counts alleging fraud.

Milk Ruling Upheld.

The court also affirmed an injunction granted by the lower court against a section of the New York milk control act which prohibits milk dealers from selling their product purchased outside the State for less than the same grade produced within the State.

A special three-judge Federal court had held the section unconstitutional and enjoined its enforcement.

- Mr. Nathan
- Mr. Tolson
- Mr. Clegg
- Mr. Baughman
- Chief Clerk
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- Mr. Cowley
- Mr. Edwards
- Mr. Egan
- Mr. Harbo
- Mr. Keith
- Mr. Lester
- Mr. Quinn
- Mr. Schilder
- Mr. Tamm

Capone Loses Plea in Supreme Court

Al Capone today lost probably his last plea for liberty from the Federal penitentiary where he is serving 10 years imposed in Chicago for failing to pay his income tax.

The Supreme Court, to which the premier of Chicago gangdom carried his fight for release, turned a deaf ear to his habeas corpus fight.

AL. CAPONE CASE

1-12

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12/11

Mr. Nathan
Mr. Tolson
Mr. Clegg
Mr. Baughman
Chief Clerk
Mr. Coffey
Mr. Cowley
Mr. Edwards	.....
Mr. Egan	.....
Mr. Harbo	.....
Mr. Keith	.....
Mr. Lester	.....
Mr. Quinn	.....
Mr. Nease	.....
Mr. Gurnea	.....
Mr. Hendon	.....
Mr. Jones	.....
Mr. Mumford	.....
Mr. Rosen	.....
Mr. Tracy	.....
Mr. Egan	.....
Mr. Gurnea	.....
Mr. Hendon	.....
Mr. Jones	.....
Mr. Mumford	.....
Mr. Rosen	.....
Mr. Tracy	.....



WCNS39

AL CAPONE TODAY LOST PROBABLY HIS LAST PLEA FOR LIBERTY FROM THE FEDERAL PENITENTIARY WHERE HE IS SERVING TEN YEARS OF THE 11 YEARS OF SENTENCE IMPOSED ON HIM IN CHICAGO FOR FAILING TO PAY HIS INCOME TAXES.

WCNS45

ADD CAPONE

EXCEPT FOR A PETITION FOR REHEARING, A GENERALLY FUTILE GESTURE, THE RULING CLOSED ANY POSSIBLE AVENUE WHICH CAPONE HAS LEFT TO GAIN HIS RELEASE UNTIL HE BECOMES ELIGIBLE FOR PAROLE.

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